

# Financial Results of Fiscal Year Ended March 31, 2008

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## **Monex Beans Holdings, Inc.**

This is an English translation of Japanese presentation material prepared for IR conference held on the date above; it includes the information on consolidated financial summary under Japanese GAAP. If there is any discrepancy between a statement in English and a statement in Japanese, the Japanese statement is always controlling.

### **Forward-looking Statements**

Statements made at this presentation and in this material include forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our business and the industry. These forward-looking statements are subject to various risks and uncertainties. These statements discuss future expectations and plans, identify strategies, contain projections of results of operations and of our financial condition, and state other “forward-looking” information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from expected results contained in any forward-looking statements. Potential risks and uncertainties include, without limitation, our ability to continue to attract and retain customers and their assets; our ability to make our operations profitable; changes in the demand for brokerage services in Japan; our ability to continue to expand and maintain our computers and electronic systems and to avoid failures of these systems; and our ability to maintain our relationship with our founding shareholders. This does not correspond to US GAAP.

## Important Matters Concerning Product-related Risks

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**This material is explanatory material on financial results of Monex Beans Holdings, Inc. (“MBH”). The descriptions herein concerning the products, services, etc. which are handled by Monex, Inc. (“Monex”), which is one of the Company’s subsidiaries, are made only for disclosure purposes and are given to describe matters which are required for providing specific explanations concerning the Company. Therefore, this material is not intended to recommend or solicit readers to buy and sell securities, or to conduct any derivative transactions or other transactions.**

**Any party who wishes to actually commence trading of products handled by Monex must open an account in advance, and may incur designated fees and/or expenses for the relevant trading. Each of the traded products may suffer a loss to the invested principal due to fluctuation of price and other factors. In addition, the investors may be required to pledge a designated amount of margin deposits upon conducting margin trading, futures and option transactions or foreign exchange margin trading. There is a risk that the investor may suffer losses exceeding the amount of margin deposits (initial investment) provided for such trading.**

**For more details concerning the important matters such as the products and services offered by Monex and the fees or risks associated with each product, please refer to Monex’s website at <http://www.monex.co.jp/>.**

## **Our Business Principles**

### **1.PURSuing SPIRIT OF INNOVATION**

**We will constantly strive to pioneer new fields in finance and propose new approaches to managing money.**

### **2.STAYING CUSTOMER FOCUSED**

**We believe that the best guide to our corporate activities is the voice of our customers.**

**With this guide, we will continue to create financial services truly needed by individuals.**

### **3.CHALLENGING FOR THE BEST**

**We will continue to provide the best products and services for our customers always thinking outside the box.**

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# **1. Financial Results**

## **2. Business Strategy and Future Development**

## **3. To our Shareholders**

## **4. Appendix**

## Financial Highlights

### ■ 4Q of FYE Mar. 31, 2008 Financial Highlight

- Net operating revenues totaled 6,118 million yen (-11.8% vs. 3Q of FYE Mar. 31, 2008) due to the decrease in trading value
- Dependency on brokerage business(\*1) was 77% (-1pt vs. 3Q of FYE Mar. 31, 2008).
- SG&A totaled 3,387 million yen (-2.4% vs. 3Q of FYE Mar. 31, 2008) due to the decrease in trading value
- Quarterly net income was 1,448 million yen (-23.9% vs. 3Q of FYE Mar. 31, 2008) , annualized ROE was 13% (-4pt vs. 3Q of FYE Mar. 31, 2008) and Profit margin(\*2) was 45% (-5pt vs. 3Q of FYE Mar. 31, 2008)

### ■ FYE Mar. 31, 2008 Financial Highlight

- Net operating revenues totaled 26,988 million yen (-13.2% vs. FYE Mar. 31, 2007), due to the decrease in trading value in the stock markets
- Dependency on brokerage business(\*1) was 78% (-5pt vs. FYE Mar. 31, 2007)
- SG&A totaled 13,971 million yen (-3.9% vs. FYE Mar. 31, 2007) Stock Exchange / association dues and marketing cost decreased, while system related cost increased as a result of introduction of new products and services
- Net income was 7,206 million yen (-24.4% vs. FYE Mar. 31, 2007), ROE was 16% (-5pt vs. FYE Mar. 31, 2007) and Profit margin(\*2) was 48% (-5pt vs. FYE Mar. 31, 2007)

### ■ Overview of the Japanese Stock Market as of the end of March 2008

- |                             |   |                                       |
|-----------------------------|---|---------------------------------------|
| • <b>Nikkei 225 Average</b> | <b>- 18.2% from Dec. 28, 2007</b>           | <b>-27.5% from Mar.31, 2007</b>       |
| • <b>Trading Value(*3)</b>  | <b>- 16.6% from 3Q of FYE Mar. 31, 2008</b> | <b>- 15.4% from FYE Mar. 31, 2007</b> |

(\*1) Dependency on brokerage business = (Brokerage Commissions + Financial income) / Net operating revenues × 100

(\*2) Profit margin(stated in this material) is calculated as Operating income / Net operating revenue(not operating revenue)

(\*3)Total Trading value of individual investors in 4 Japanese major markets

## Financial Summary : 3Q of FYE Mar. 31, 2008 vs. 4Q of FYE Mar. 31, 2008

(in million yen, %)

|                        | 3Q of FYE<br>Mar. 31, 2008<br>(Oct. 2007-Dec. 2007) | 4Q of FYE<br>Mar. 31, 2008<br>(Jan. 2008-Mar. 2008) | Change |
|------------------------|---|---|--------|
| Operating Revenues     | 7,979   | 6,771   | -15.1% |
| Net Operating Revenues | 6,937   | 6,118   | -11.8% |
| SG&A                   | 3,471   | 3,387   | -2.4%  |
| Operating Income       | 3,466   | 2,731   | -21.2% |
| Ordinary Income        | 3,441   | 2,582   | -24.9% |
| Net Income             | 1,902   | 1,448   | -23.9% |
| EBITDA*                | 3,443   | 2,661   | -22.7% |

\*EBITDA : Net Income + Interests (excluding Financial expenses relating to Margin trading business) + Taxes + Depreciation + Amortization

(in million yen, %)

|                      | 3Q of FYE<br>Mar. 31, 2008<br>(as of Dec. 31, 2008) | 4Q of FYE<br>Mar. 31, 2008<br>(as of Mar. 31, 2008) | Change |
|----------------------|---|---|--------|
| Total Assets         | 365,962   | 335,016   | -8.5%  |
| Shareholders' Equity | 44,793  | 45,418  | 1.4%   |

(For reference : Monex, Inc.)

|                        |         |         |   |
|------------------------|---------|---------|---|
| Capital Adequacy Ratio | 370.5 % | 429.9 % | - |
|------------------------|---------|---------|---|

## Financial Summary : FYE Mar. 31, 2007 vs. FYE Mar. 31, 2008 (in 12 months)

(in million yen, %)

|                        | FYE<br>Mar. 31, 2007<br>(Apr. 2006-Mar. 2007) | FYE<br>Mar. 31, 2008<br>(Apr. 2007-Mar. 2008) | Change |
|------------------------|---|---|--------|
| Operating Revenues     | 33,244  | 30,497  | -8.3%  |
| Net Operating Revenues | 31,099  | 26,988  | -13.2% |
| SG&A                   | 14,540  | 13,971  | -3.9%  |
| Operating Income       | 16,559  | 13,016  | -21.4% |
| Ordinary Income        | 16,688  | 12,811  | -23.2% |
| Net Income             | 9,534   | 7,206   | -24.4% |
| EBITDA*                | 16,454  | 12,892  | -21.6% |

\*EBITDA : Net Income + Interests (excluding Financial expenses relating to Margin trading business) + Taxes + Depreciation + Amortization

(in million yen, %)

|                      | FYE<br>Mar. 31, 2007<br>(as of Mar. 31, 2007) | FYE<br>Mar. 31, 2008<br>(as of Mar. 31, 2008) | Change |
|----------------------|---|---|--------|
| Total Assets         | 379,988                                       | 335,016                                       | -11.8% |
| Shareholders' Equity | 47,487  | 45,418  | -4.4%  |

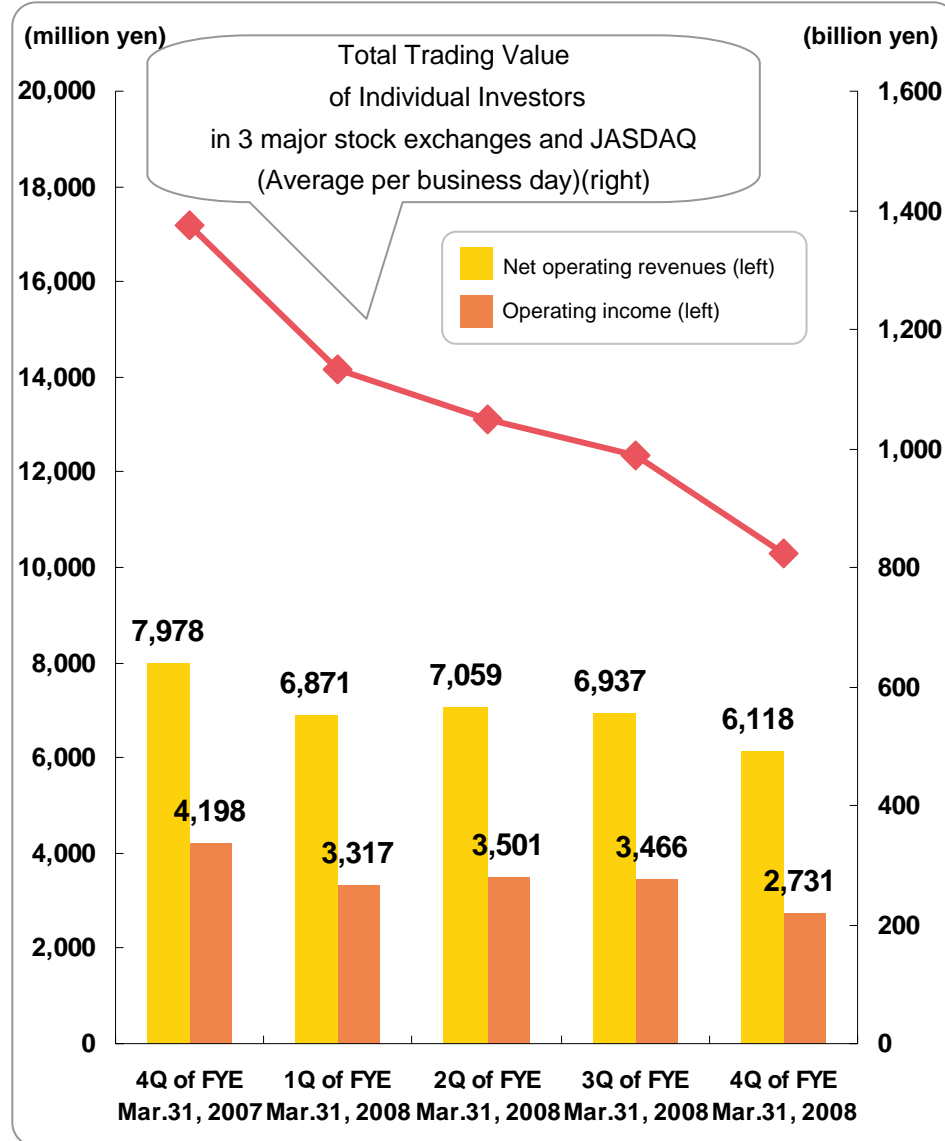
(For reference: Monex, Inc.)

|                        |        |        |   |
|------------------------|--------|--------|---|
| Capital Adequacy Ratio | 402.5% | 429.9% | - |
|------------------------|--------|--------|---|

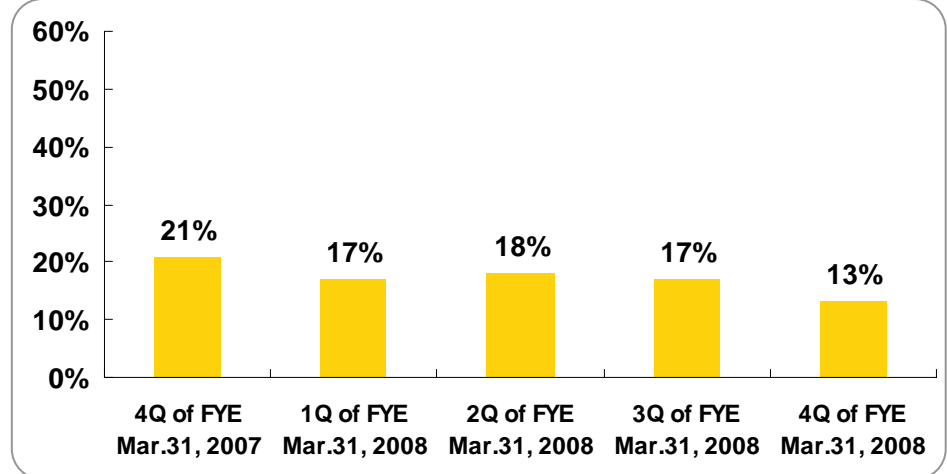


# Financial Summary: Financial Highlights (Quarterly Trend)

## Net operating revenues and Operating Income

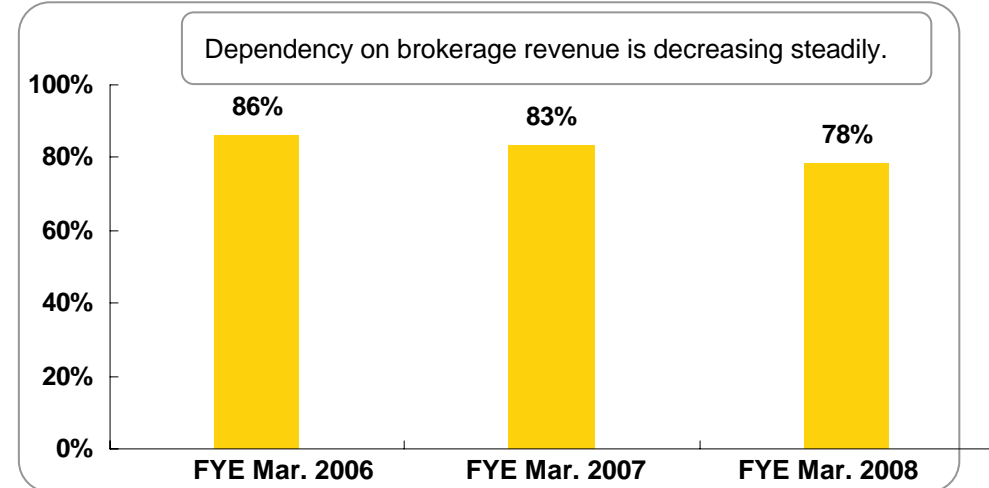


## ROE (Annualized)



$$ROE = \frac{\text{Quarterly net income} \times 4}{(\text{FY beginning shareholders' equity} + \text{FY ending shareholders' equity}) \div 2} \times 100$$

## Annual Trend of Dependency on Brokerage revenue(\*)



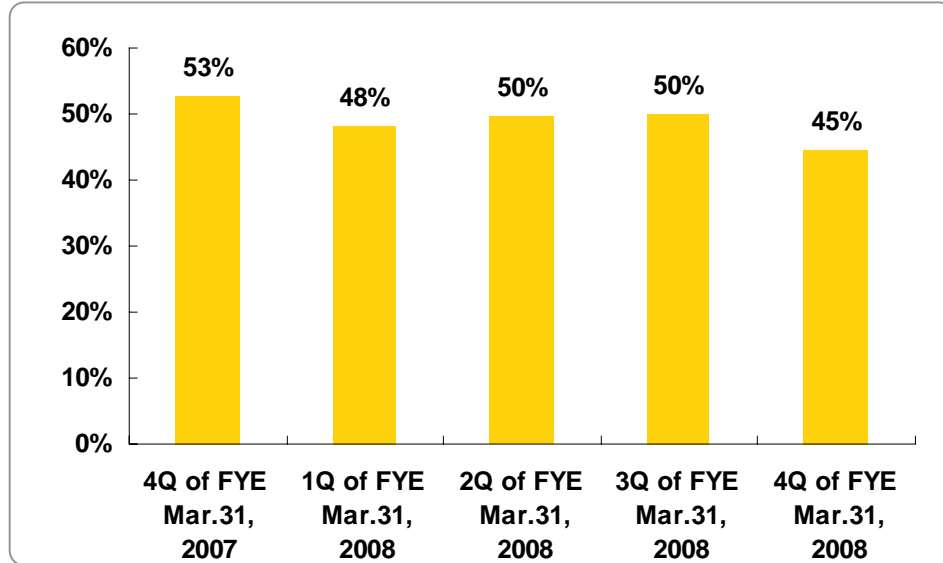
Dependency on Brokerage revenue =

$$\frac{\text{Brokerage commission} + \text{Financial Income}}{\text{Net operating revenue}} \quad 8$$

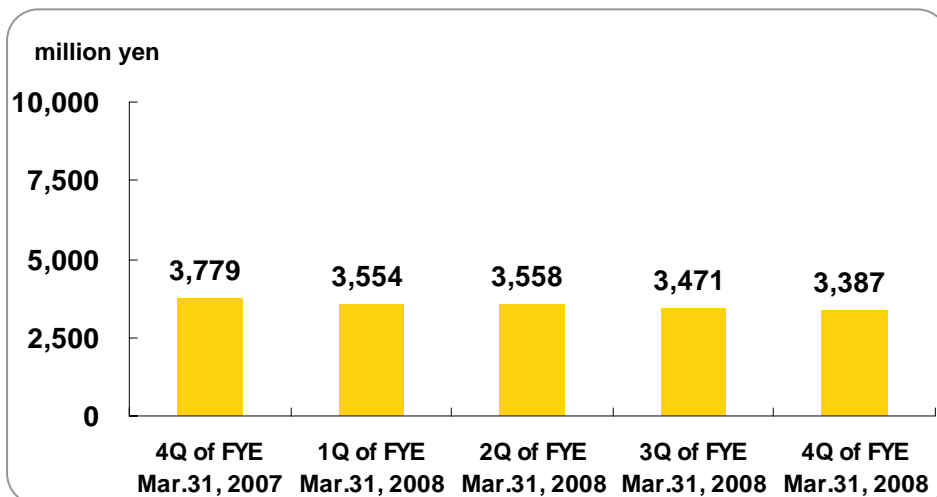
# Financial Summary: Profit Margin and Cost Structure

## Profit Margin

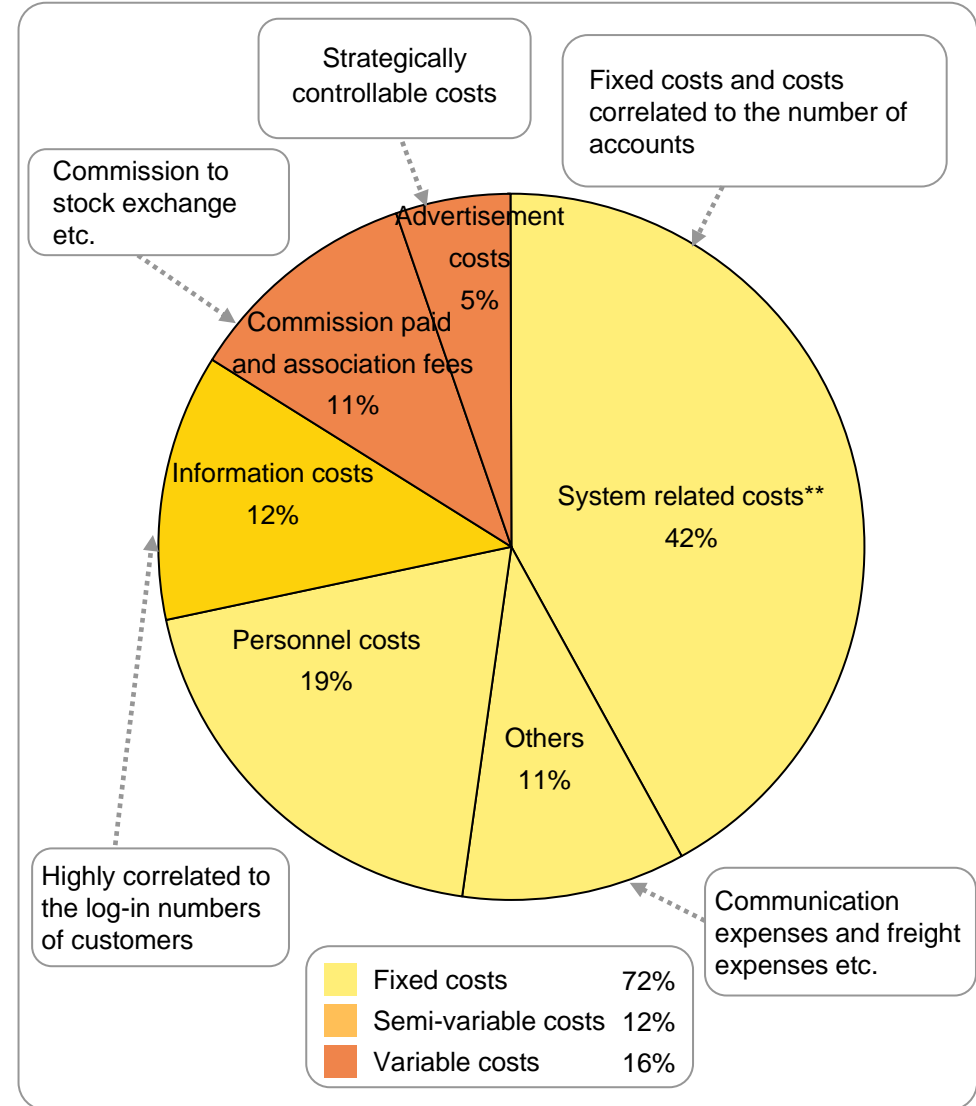
(Operating income/ Net Operating revenues)\*



## SG&A



## Cost Structure (Jan. 2008 - Mar. 2008)



\*\*System related costs = Rental and maintenance + Data processing and office supplies + Amortization and depreciation

## Financial Summary: Quarterly Trends in Income Statement

(in million yen)

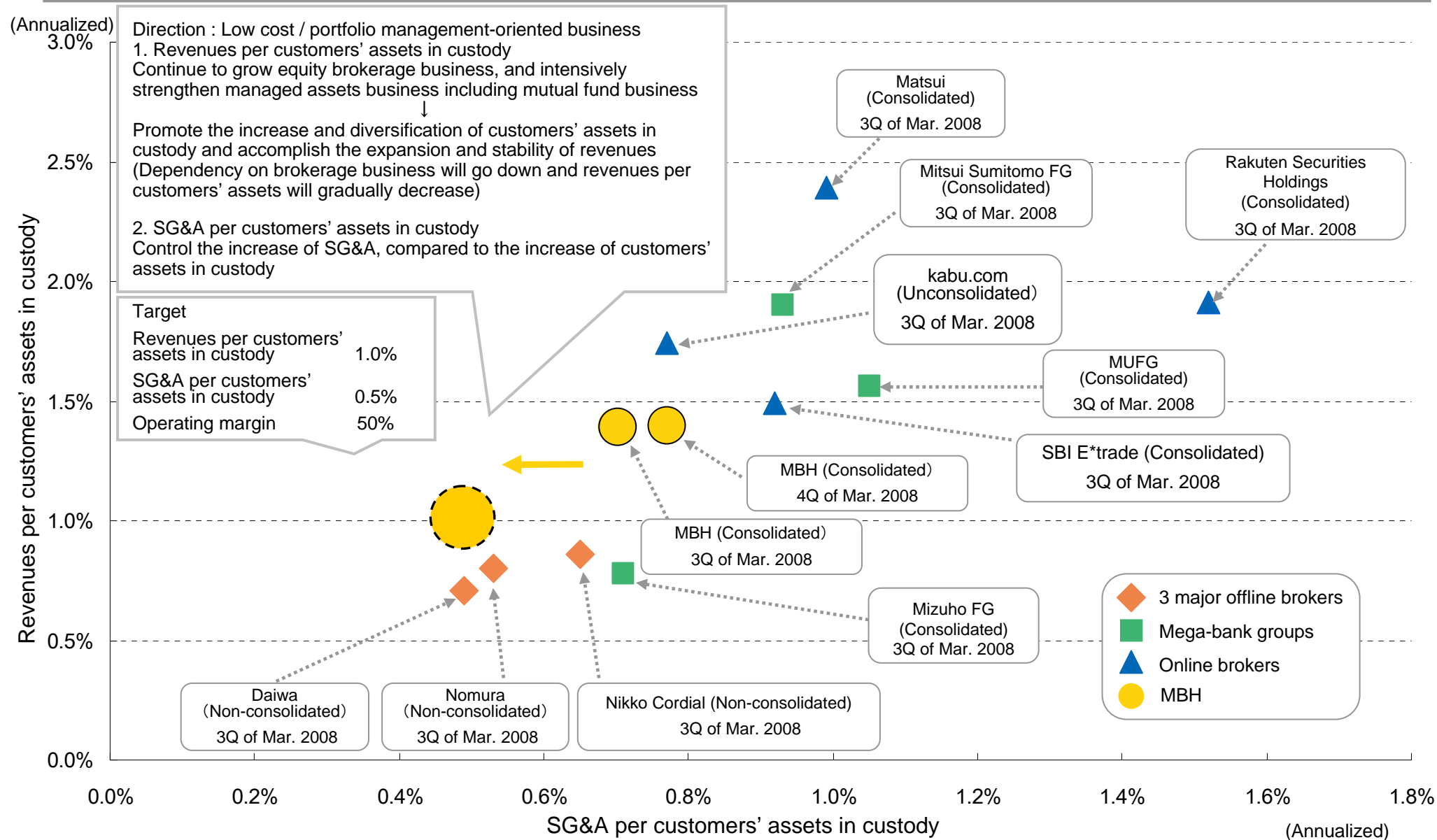
|  | FYE Mar.31, 2007 |       |       |       | FYE Mar.31, 2008 |       |       |       |
|--|------------------|-------|-------|-------|------------------|-------|-------|-------|
|  | 1Q               | 2Q    | 3Q    | 4Q    | 1Q               | 2Q    | 3Q    | 4Q    |
| Brokerage commissions                        | 6,023            | 4,687 | 4,504 | 5,395 | 4,228            | 4,160 | 4,022 | 3,692 |
| Underwriting and distribution commissions    | 61               | 58    | 286   | 32    | 19               | 77    | 5     | 9     |
| Subscription and distribution commissions    | 281              | 81    | 204   | 345   | 322              | 302   | 222   | 227   |
| Other commissions                            | 820              | 856   | 832   | 903   | 886              | 1,180 | 1,104 | 1,083 |
| Margin forex trades commissions              | 506              | 475   | 434   | 417   | 398              | 631   | 514   | 597   |
| Mutual funds agency commissions              | 154              | 203   | 234   | 296   | 353              | 395   | 414   | 360   |
| Others                                       | 159              | 178   | 163   | 189   | 134              | 153   | 175   | 125   |
| Net gain on trading account                  | 21               | 72    | △ 13  | 40    | 32               | 9     | 107   | △ 5   |
| Net gain on operating investments            | -                | -     | -     | -     | -                | △ 14  | △ 20  | △ 4   |
| Financial income                             | 2,051            | 1,651 | 1,864 | 1,872 | 2,479            | 1,947 | 2,447 | 1,702 |
| Other operating revenues                     | 75               | 89    | 75    | 66    | 61               | 52    | 89    | 67    |
| Operating revenues                           | 9,335            | 7,496 | 7,755 | 8,657 | 8,029            | 7,716 | 7,979 | 6,771 |
| Financial expenses                           | 430              | 366   | 669   | 678   | 1,158            | 656   | 1,041 | 653   |
| Net operating revenues                       | 8,904            | 7,129 | 7,086 | 7,978 | 6,871            | 7,059 | 6,937 | 6,118 |
| Selling, general and administrative expenses | 3,730            | 3,481 | 3,548 | 3,779 | 3,554            | 3,558 | 3,471 | 3,387 |
| Operating income                             | 5,174            | 3,648 | 3,537 | 4,198 | 3,317            | 3,501 | 3,466 | 2,731 |
| Ordinary income                              | 5,229            | 3,632 | 3,525 | 4,300 | 3,354            | 3,433 | 3,441 | 2,582 |
| Quarterly net income                         | 2,944            | 2,054 | 2,125 | 2,409 | 1,902            | 1,953 | 1,902 | 1,448 |

**Financial Summary: Quarterly Trends in SG&A**

(in million yen)

|  | FYE Mar.31, 2007 |       |       |       | FYE Mar.31, 2008 |       |       |       |
|--|------------------|-------|-------|-------|------------------|-------|-------|-------|
|  | 1Q               | 2Q    | 3Q    | 4Q    | 1Q               | 2Q    | 3Q    | 4Q    |
| Transaction-related expenses                     | 1,661            | 1,551 | 1,482 | 1,532 | 1,361            | 1,310 | 1,151 | 1,099 |
| Commissions paid                                 | 237              | 219   | 214   | 217   | 231              | 248   | 245   | 233   |
| Exchange and association dues                    | 236              | 192   | 189   | 215   | 180              | 168   | 178   | 132   |
| Communication, freight and information expenses  | 593              | 563   | 563   | 627   | 597              | 608   | 522   | 531   |
| Advertizing expenses                             | 580              | 554   | 492   | 454   | 333              | 264   | 176   | 181   |
| Others   | 13               | 21    | 21    | 17    | 18               | 21    | 28    | 20    |
| Compensation and benefits                        | 669              | 592   | 598   | 607   | 657              | 647   | 692   | 652   |
| Rental and maintenance                           | 191              | 184   | 236   | 236   | 262              | 235   | 371   | 371   |
| Data processing and office supplies              | 916              | 908   | 953   | 1,051 | 1,007            | 1,075 | 981   | 966   |
| Data processing                                  | 888              | 870   | 922   | 1,014 | 979              | 1,027 | 950   | 940   |
| Office supplies                                  | 28               | 37    | 30    | 36    | 28               | 47    | 31    | 25    |
| Amortization and depreciation                    | 19               | 21    | 22    | 34    | 56               | 61    | 73    | 78    |
| Taxes other than income taxes                    | 63               | 54    | 56    | 71    | 62               | 60    | 60    | 58    |
| Provision for allowance for doubtful receivables | 47               | 18    | △ 12  | 85    | 0                | 1     | 1     | △ 3   |
| Other operating expenses                         | 160              | 150   | 211   | 159   | 146              | 165   | 138   | 163   |
| Selling, general and administrative expenses     | 3,730            | 3,481 | 3,548 | 3,779 | 3,554            | 3,558 | 3,471 | 3,387 |

# Comparison Analysis : Revenues/SG&A per Customers' Assets in Custody



MUFG, Mizuho FG and SMBC : Customers' assets in custody = Total assets, Operating revenues = Gross profits, SG&A = General and administrative expenses

1. Financial Results

**2. Business Strategy  
and Future Development**

3. To our Shareholders

4. Appendix

## Mission Statement

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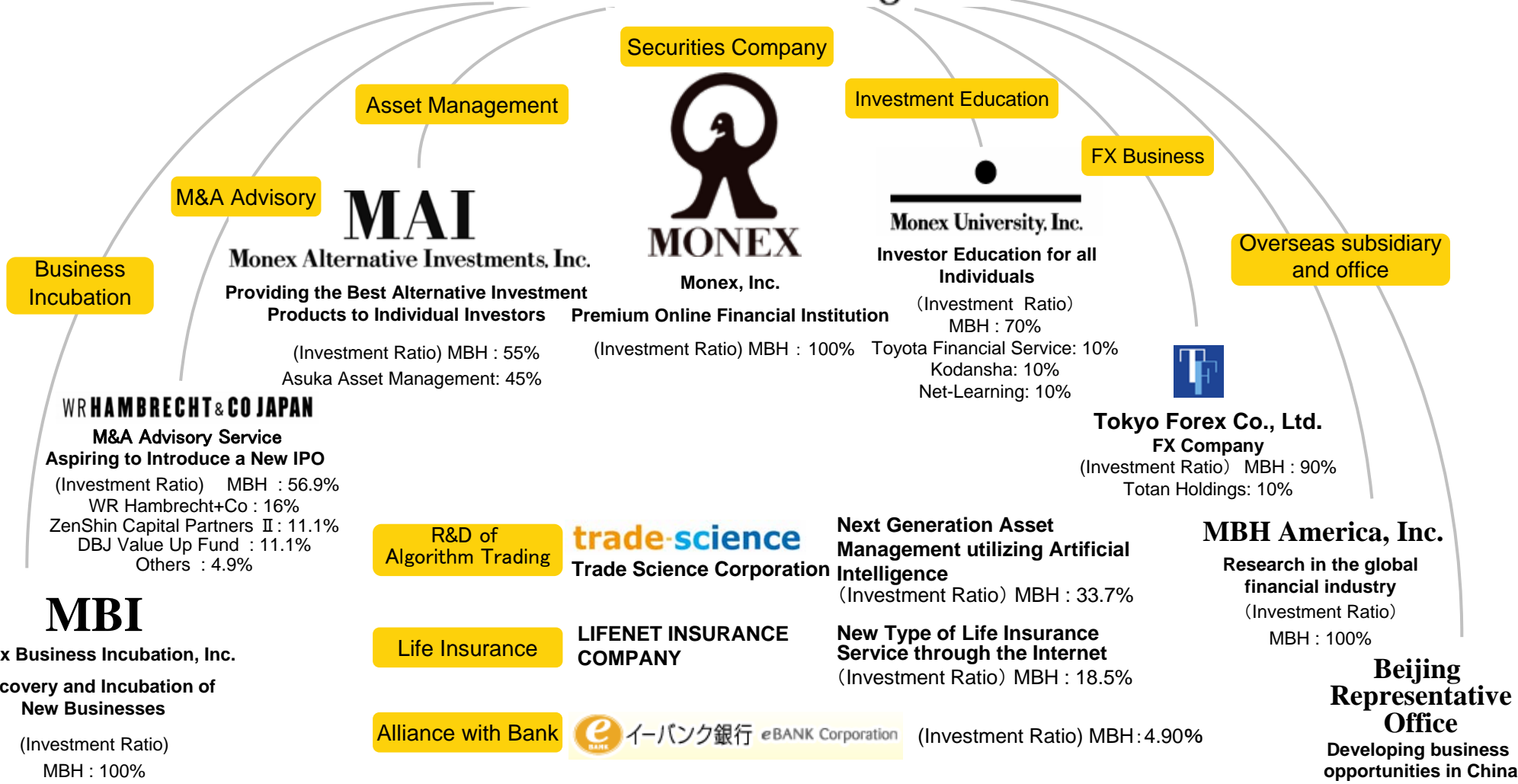
- ◆ **Take position as an integrated financial service provider for individual investors, not just as an online brokerage firm**
- ◆ **Propose products and services to investors who are not active traders seeking market conditions**
- ◆ **Offer comprehensive products and services with “World Class Quality”**
- ◆ **Strengthen “Products Origination Capability”**
- ◆ **Realize an “Intelligence Infrastructure” that provides advice on investment in addition to stable system infrastructure and wide product/service lineup**
- ◆ **Pursue less operating cost and establish a portfolio management-oriented business**
- ◆ **Be ready for the deregulation such as removal of barriers on financial sectors by leveraging the holding company structure**
- ◆ **Pursue business globally, not limiting our business boundaries to Japan**
- ◆ **Empower investors education and enhance financial literacy**

The Monex Group

(As of April 1, 2008)

# MBH

## Monex Beans Holdings, Inc.





# Current Environment Recognition

## ■ Increasing Asset Management by Individuals

With Japanese population having started to decline and economic growth slowing down, people trust less in sustainability of life security systems such as pension plans, lifetime employment, and retirement packages



Proactive investment by individuals has gradually increased while currency & deposits have decreased

## ■ Strong Needs for Investment Products and Services

Japanese households are expected to shift deposits to investment. American households have increased mutual fund's share and decreased corporate equity's share



Investment products such as mutual funds, SMA, bonds, foreign ETF, equity's share and FX shall be requisite in addition to stock brokerage services

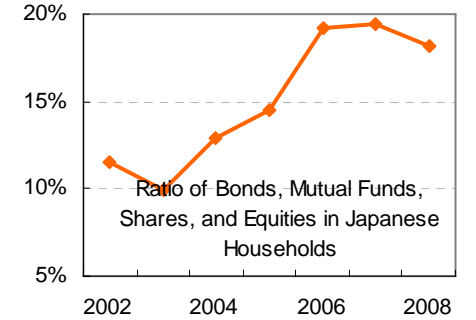
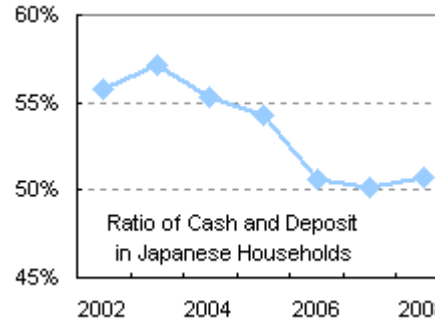
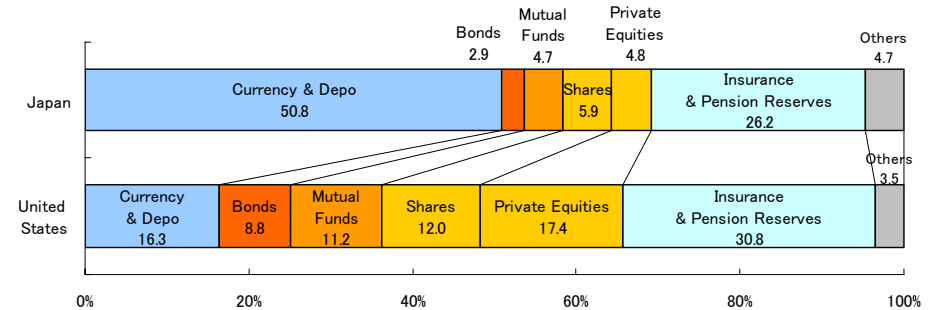
## ■ Expansion of Business Opportunities

Previously there was not much competition in the financial industry, nor much difference in services and investment return results regardless of the chosen financial institution

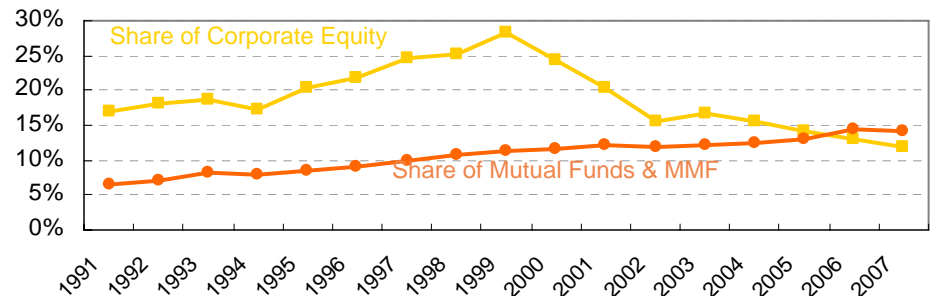


Intra-industry borders among financial institutions are rapidly fading out due to regulation changes, and innovative financial service and products are becoming available

Financial Assets Held by Households (End of Dec.2007)



Shares of Corporate Equity, Mutual Funds & MMF among Financial Assets Held by Households and Nonprofit Organization



Sources: Bank of Japan, The Federal Reserve Board, United States

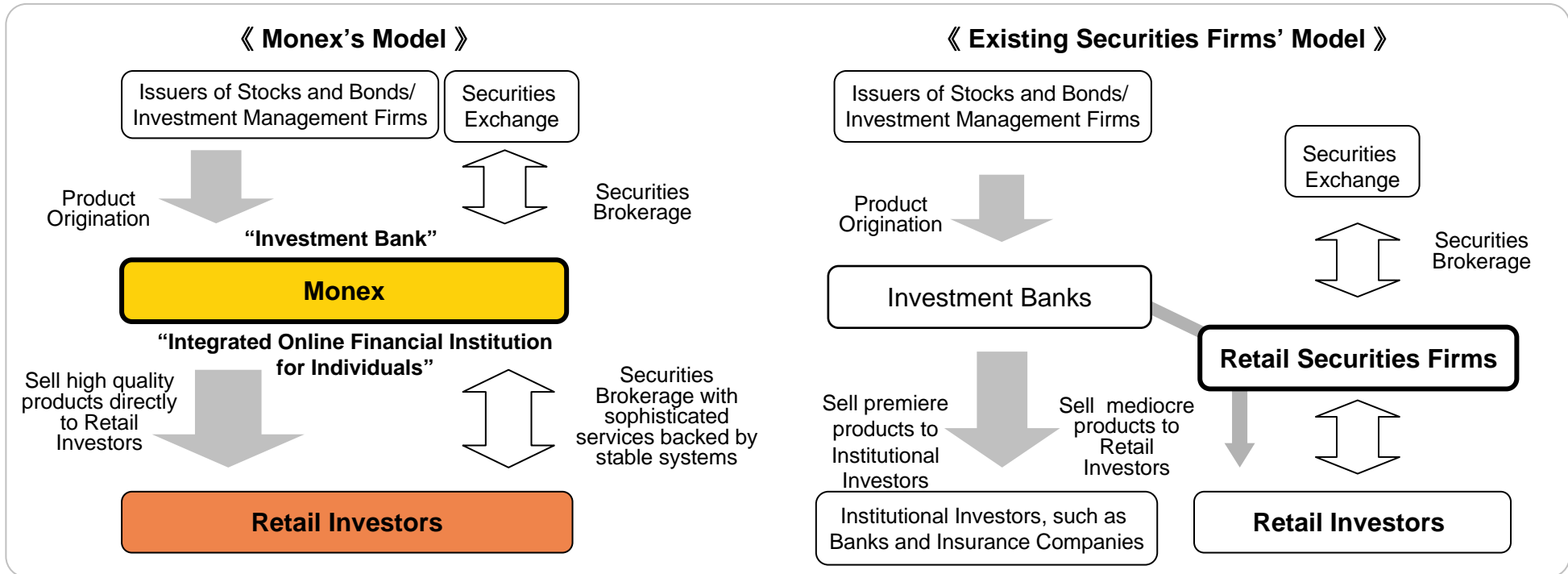
# Monex's Business Model

- ◆ Asset management business shall be a major growth field in addition to stock brokerage services
- ◆ Gain competitive advantages by not only distributing investment products online at low cost but also originating high-quality products for individual investors
- ➔ Aspiring to be an **Online Investment Bank**  
(an online financial service provider with investment banking functions)
- ◆ Develop an Intelligence Engine (portfolio advice tool on the net) that assists individual investors to choose the most appropriate products, considering their risk tolerance, life plan etc. from a wide line-up

Wide line up of financial products, including Monex's original

+

Intelligence Engine to help individual investors to choose the best-matching product

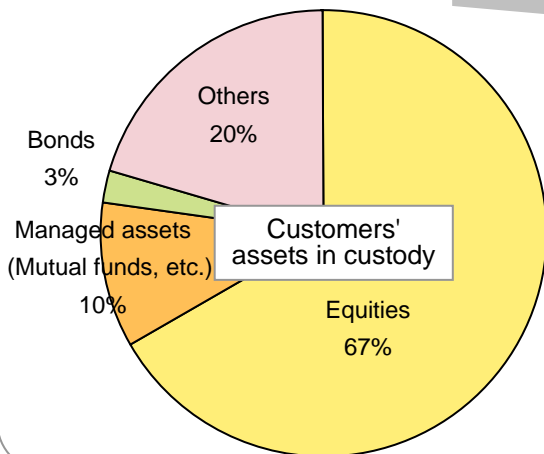
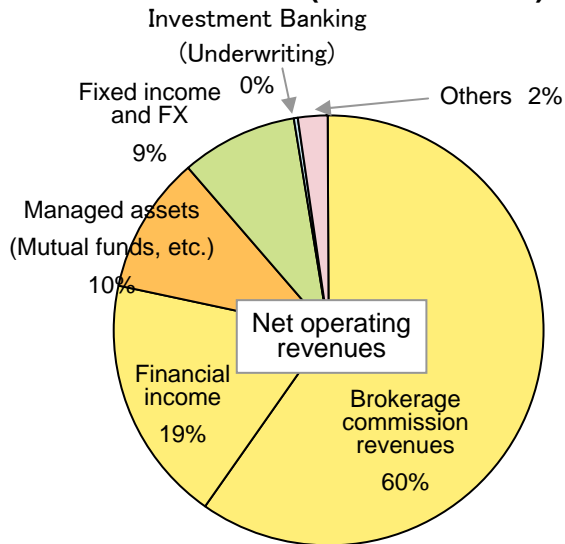


Note: This document is prepared for MBH's disclosure purposes only, and does not recommend or solicit the products and services of MBH's subsidiaries. Please see the end of this document for more details on the fees and risks of the products described herein.

# Current and Future Structure of Revenues and Customers' Assets by Product

## Strengthen mutual fund business and diversify revenue sources

### 【Current Structure (FYE Mar. 2008)】



### Direction of Each Business Line (Overseas Business development plan is not included)

#### 1. Stock Brokerage Business

- Providing value-added services (Stock lending, enhanced trading tools, etc.)
- Expanding business as a main revenue source

#### 2. Managed Assets Business (Mutual funds, Alternative Investments, SMA, etc.)

- Second largest revenue source
- Along with the expansion of the mutual fund market, increase market share by providing differentiated products
- Originating/providing innovative products such as alternative investments, algorithm trading-related products, etc.

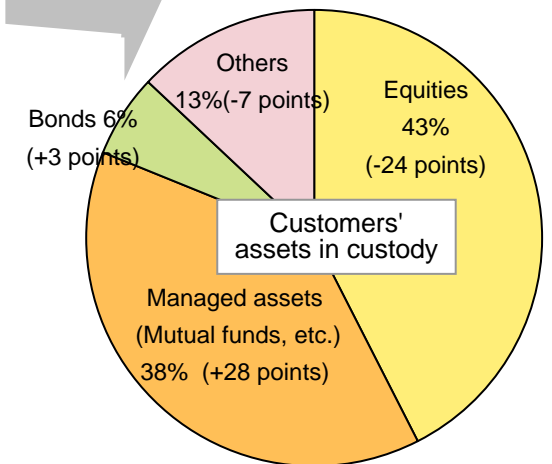
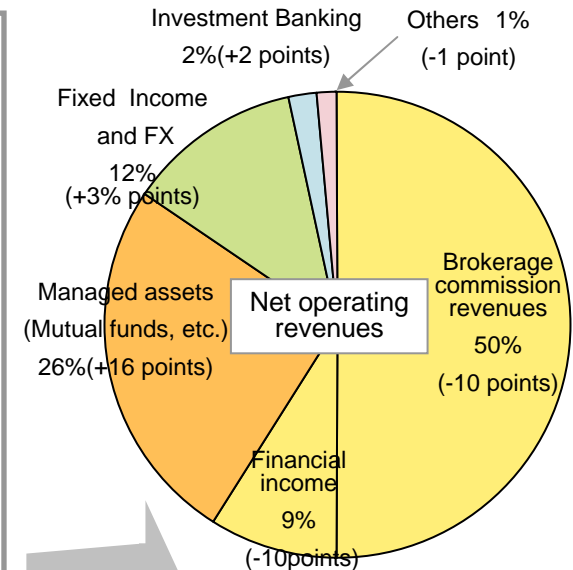
#### 3. Fixed Income and FX Business

- Fixed income business  
Enhance origination capability and strengthen sales methods
- FX business  
Keep competitive edge and expand trading channel by Acquisition of FX oriented company

#### 4. Investment Banking Business

- Continuously reinforce underwriting business not only for Japanese companies but also to cover overseas opportunities
- Strengthening the revenue source of the underwriting business by entering into M&A advisory business, etc

### 【Future Structure】



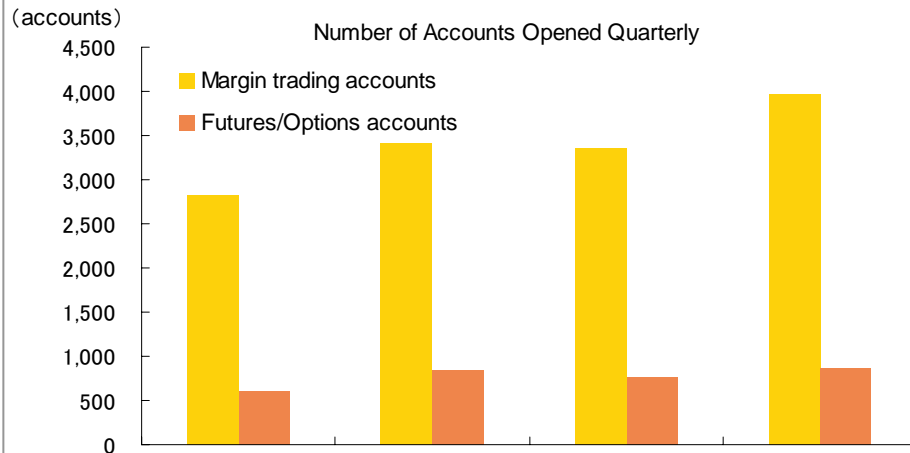
Note: This document is prepared for MBH's disclosure purposes only, and does not recommend or solicit the products and services of MBH's subsidiaries. Please see the end of this document for more details on the fees and risks of the products described herein.

# Stock Brokerage Business: Enhancing products and services for Day Traders

## ■ Providing More Convenience for Day Traders

### ◆ Margin trading and futures/options accounts increase

- Accounts increase by campaigns and revision of fees



- Margin trading account campaign (2007/12~)
- Futures/Options fee discount campaign (2007/7~2008/3)
- Reduction of Futures/Options regular fee (2008/4)

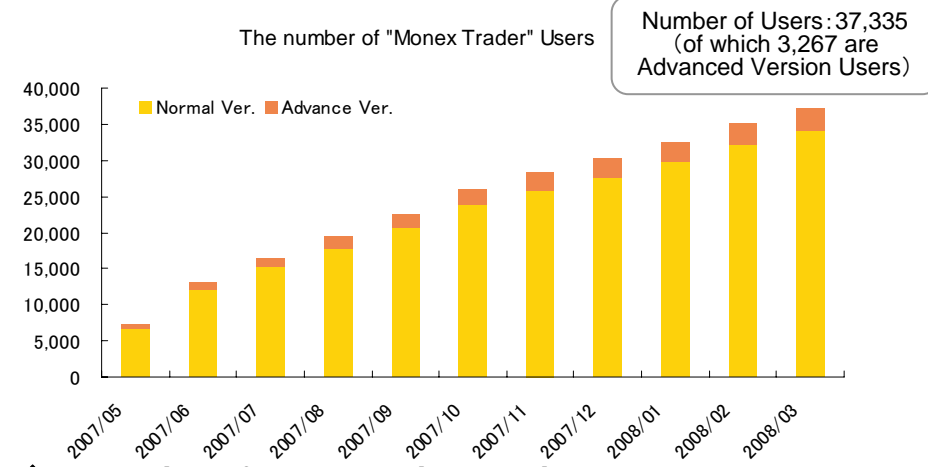
## ■ For Further Growth

- ◆ Foreign ETF trading in preparation
- ◆ Cell-phone trading application in preparation
- ◆ Improving original trading tool, “Monex Trader”
- ◆ Improvement of Futures/Options services in preparation

## ■ Improvement and Enhancement of Services

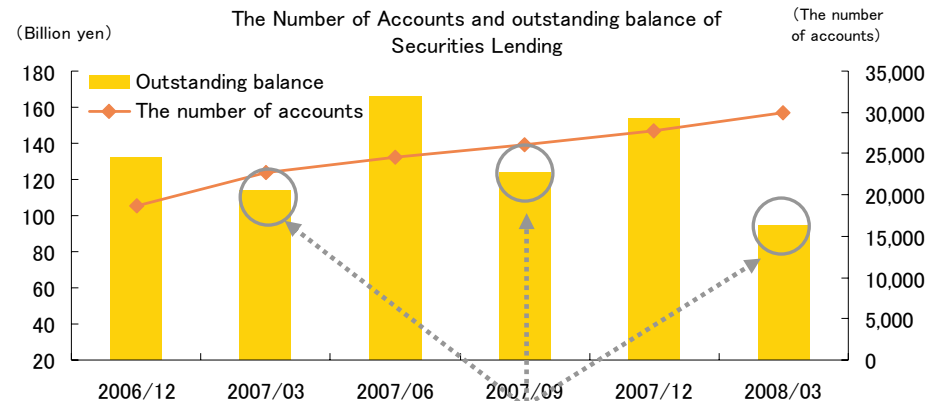
### ◆ Increase of unique trading tool “Monex Trader” users

- Introduction of upgraded version attracts new customers



### ◆ Expansion of stock lending services

- Stock lending rate 0.3%~1%



Decline due to closing date of shareholder’s benefit registration

# Fixed Income Business : Aiming for efficient cross-sell

## Products to meet and Customer Needs

### ◆“Monex Short-term Notes for Individuals” Series

- Continuous issue

Short-term Euro yen notes: **3 Month Notes, 1.0-1.04% [APR]**  
 (#1-10, total of 39 billion yen by the end of Mar. 2008)

Short-term Euro yen structured notes **1-2 Month Notes**  
 (#1-4, total of 1.9 billion yen by the end of Mar. 2008)

### ◆Zero Coupon Bonds in USD

- Issued an additional Zero Coupon Bond responding to the high demand for US dollar denominated products at the time of stronger yen in addition to the periodical issue.

### ◆Offering a variety of issuers, currencies, and terms

- Providing investment diversification opportunities

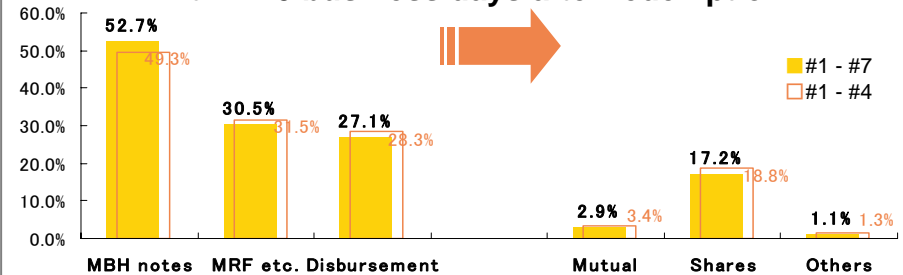
Issuers ... IBRD, Toyota Motor Credit Corporation, MBH  
 Currencies ... JPY, USD, AUD, NZD, ZAR  
 Terms ... 1month - 9years and 9months

## For Further Growth

- ◆ Expanding customer base by offering “Monex Short-term Notes” continuously
- ◆ Planning to distribute secondary notes online to make bond investing more convenient
- ◆ Supporting customers’ continuous bond investment
- ◆ Providing new types of structured bonds and original products

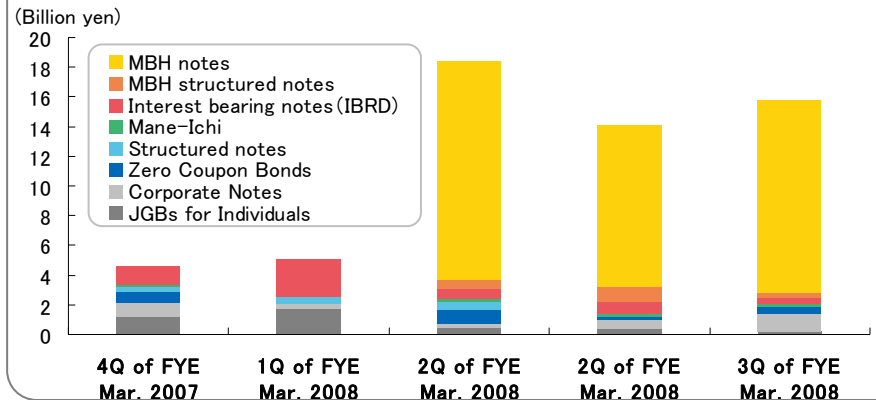
## Effects of “Monex Short-term Notes for Individuals”

### ◆ Cross-sell from “Monex Short-term Notes for Individuals” #1-#7 within 10 business days after redemption



MBH notes : Total amount of “Monex Short-term Notes for Individuals” purchased during offering period / Total redemption amount  
 MRF : Total amount of accounts in MRF without purchase or withdrawal 10 business days from each redemption / Total redemption amount  
 Disbursement : Total amount of disbursements (bank transfers and ATM withdrawals) within 10 business days from each redemption / Total redemption amount  
 Mutual Funds : Total amount of mutual fund purchased within 10 business days from each redemption / Total redemption amount  
 Stocks : Total amount of stocks purchased within 10 business days from each redemption / Total redemption amount  
 Others : Total amount of transfer to FX,FX-pro or margin trading within 10 business days from each redemption  
 ※Above figures are simple sums of each item during each period, and will not sum up to 100%

### ◆Total Sales of Bonds



Note: This document is prepared for MBH’s disclosure purposes only, and does not recommend or solicit the products and services of MBH’s subsidiaries. Please see the end of this document for more details on the fees and risks of the products described herein.

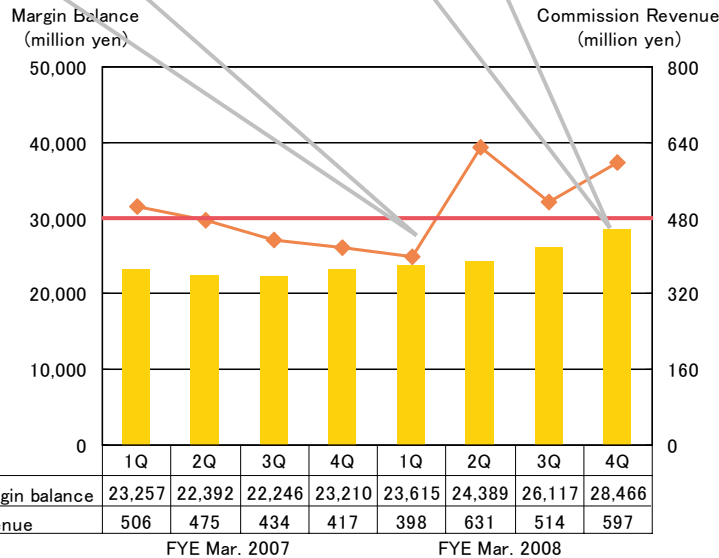
# FX Business: Aiming for No.1 in the industry

## ■ Performance of FYE March 2008

### ◆ Steady Growth

4/28/2007  
Reduced commission  
⇒ Increase of income

Increase in margin  
balance almost  
reaching  
30 billion yen



Number of accounts 70,898  
plus 20,827 from last fiscal year end

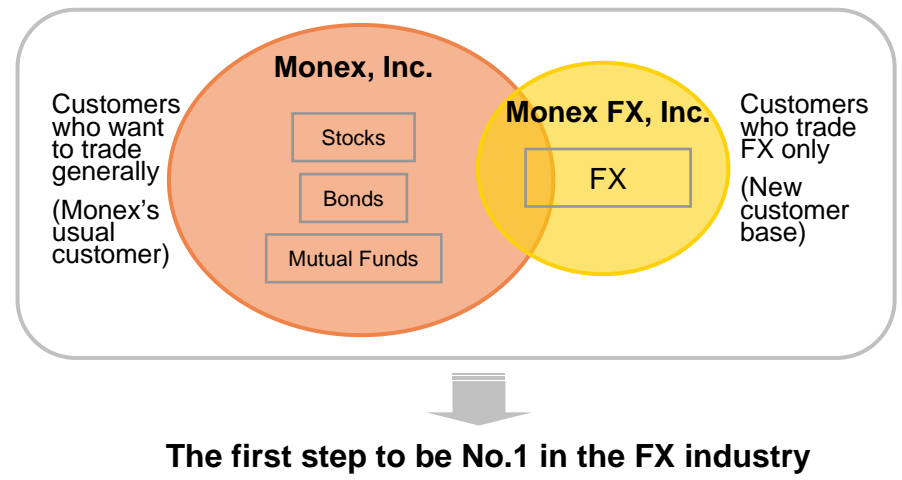
Margin deposit 28.4 billion yen  
plus 5.2 billion from last fiscal year end

Total transaction volume 6.32 trillion yen  
increased by 2.2 times of 2.84 trillion  
from last fiscal year end

Commission revenue 2.1 billion yen  
plus 306 million from last fiscal year end

## ■ Overview of FYE March 2009

- ◆ **April 1, 2008 Acquisition of Tokyo Forex Co., Ltd.**  
Aiming to expand our FX business by taking advantage of the specialties of the FX company
- ◆ **June 28, 2008 (planned) Start of Monex FX, Inc.**  
Tokyo Forex Co., Ltd. to change its name to Monex FX, Inc. to strengthen the Monex FX brand
- ◆ **Why have an FX specialized company in the Group?**
  - Investors can open an FX account without opening a securities account, which expands our customer base
  - Increase in trading revenue by the unification of cover transactions within the Group
  - Faster and more flexible expansion of services by in-house system development



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# Mutual Fund Business : No.1 Online mutual fund sales

## Strengthen Product lines and services to Expand Mutual Fund Balance

### Sales volume and balance

#### Total sales amount of equity mutual funds

Jan-Mar.2008: approx. **32.7 billion yen**

FYE 2008 total: approx. **249.4 billion yen** (Up by approx. 231%)

#### Total assets in custody (Excluding MRFs)

As of Mar.2008: **approx 182.9 billion yen** (Up by approx.11%)

### New and timely products to meet customer's needs

Introducing new funds such as funds focused on emerging areas including "MENA" and on concentrated investment in Japanese companies selected by Sparx Asset Management



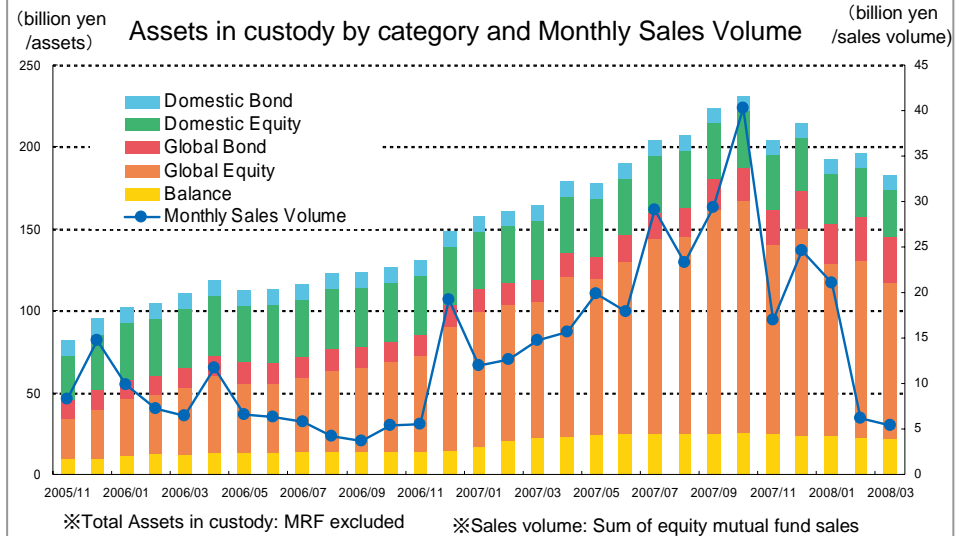
Left: Press conference with Mr. Shuhei Abe, CEO of Sparx Middle/Right: MENA fund seminar, Mr. Hashim Omran, fund manager at EFG Hermes (HQ:Dubai) spoke at the seminar held in Tokyo

## For Further Growth

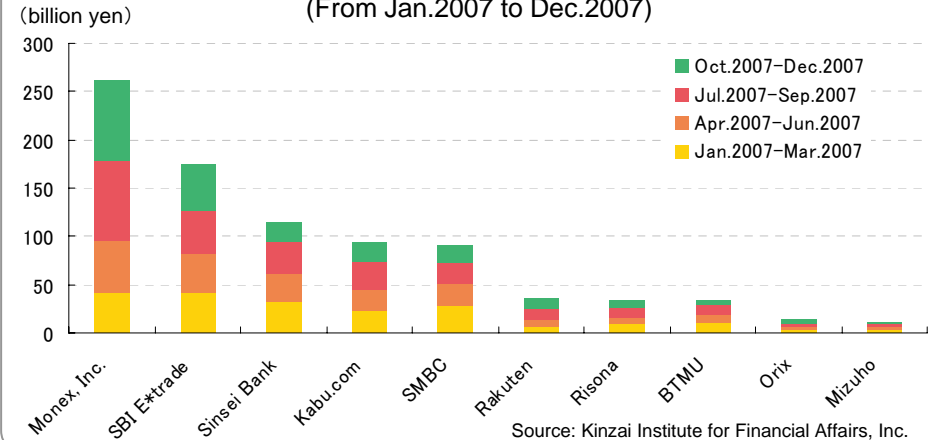
- ◆ Realizing comprehensive and highly-selected product lines to help customers' global asset allocation by introducing new and original funds
- ◆ Providing new contents/tools to support customers' fund selection and portfolio analysis
- ◆ Developing original services by strengthening interface such as adding new order and search functions

## Top-class online Mutual Fund Sales

### Keeping the top position in online mutual fund sales



### Online sales performance of 5 online brokers and 5 banks (From Jan.2007 to Dec.2007)



Note: This document is prepared for MBH's disclosure purposes only, and does not recommend or solicit the products and services of MBH's subsidiaries. Please see the end of this document for more details on the fees and risks of the products described herein.

## Alternative Investment Business: Expanding business to institutional investors

### ■ Monex Alternative Investments ends in the black

| (million yen)              | FYE<br>Mar.2007 | FYE<br>Mar.2008 |
|----------------------------|-----------------|-----------------|
| Operating Income           | 94              | 170             |
| Operating Expense          | 95              | 135             |
| Net Income                 | -12             | 26              |
| Paid in Capital & Reserve  | 150             | 150             |
| Retained Earnings          | -11             | 15              |
| Total Shareholder's Equity | 138             | 165             |

### ■ New initiatives for institutional investors

#### Strategies to pursue business for institutional investors

##### ◆ Introduction of FoHF product targeted at banks

- Applying the FoHF method of “Premium Hybrid 2006” with proven track record
- Transparency in investments and daily disclosure of NAV
- Hedge fund investment platform managed by HFR -AM

##### ◆ Alternative Investment seminar for pension funds in May 2008

- Inviting approx. 50 pension funds to expose MAI capabilities
- Co-hosted by Asuka Asset Management and A.I. Capital

### ■ Distinctive products line up for retail investors

#### ◆ Asia Focus

- Diversified investment in Asia and Japan HF from 10,000 yen
- Annualized return since inception: 3.62%, Sharpe ratio: 0.66

AUM: 9.3 billion yen (as of March 31, 2008)  
Investment Manager : Fullerton Fund Management  
Advisor: Monex Alternative Investments

#### ◆ China Focus

- Long short strategy in Chinese A share from 10,000 yen
- Annualized return since inception : 22.9%、Sharpe ratio : 1.07

AUM: 4.5 billion yen (as of March 31, 2008)  
Investment Manager : Fullerton Fund Management  
Advisor: Monex Alternative Investments

#### ◆ Premium Hybrid 2006

- Diversified investment in top notch Private Equity Funds and Hedge Funds from 500,000 yen
- Investments include Blackstone Capital Partners V, Carlyle Japan Partners II, J. C. Flowers II, Thomas H. Lee Equity Fund VI, etc.

AUM: 4.0 billion yen (as of March 31, 2008)  
Investment Manager : HFR Asset Management  
Advisor: Monex Alternative Investments

#### ◆ Premium Hybrid 2007

- The second fund of “Premium Hybrid” series to diversify investment timing for investors

AUM: 2.2 billion yen (as of March 31, 2008)  
Investment Manager: Monex Alternative Investments  
Advisor: HFR Asset Management



# Investment Banking Business :

M&A advisory services started and synergy with IPO underwriting business expected

## ■ IPO Underwriting Business

IPO League Table  
(FYE March 2008)

| Rank | Name             | Deals |
|------|------------------|-------|
| 1    | Mitsubishi UFJ   | 59    |
| 2    | SBI E*TRADE      | 57    |
| 3    | Daiwa SMBC       | 55    |
| 4    | Nomura           | 52    |
| 4    | Shinko           | 52    |
| 6    | Mizuho Investors | 41    |
| 7    | Nikko Citigroup  | 37    |
| 8    | SMBC FRIEND      | 35    |
| 9    | Monex            | 34    |
| 10   | Takagi           | 32    |

- Underwriting date basis
- Overallments are not included in the underwriting share and amount

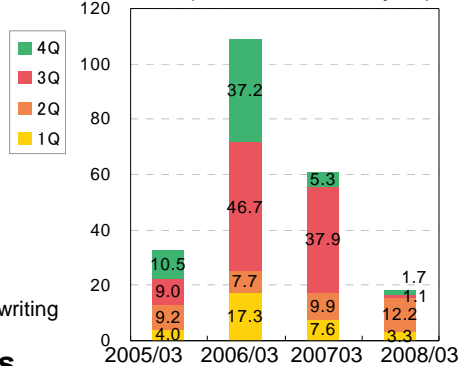
### ◆ Improving IPO track records

- IPO underwriting amount: 1.8 billion yen (13th place among all securities companies), 34.3% in participation of all IPOs. Due to the sluggish market condition and decreasing number of total IPOs, underwriting participation decreased.
- Our goal is to increase participation shares in sizable deals. We will endeavor to increase participation shares in sizable deals by providing clients high quality advice through cooperation with other financial institutions and proposals for good investor relations.

### ◆ Goals of the China Capital Market Department

- Strong support team for Chinese companies aiming to list on stock exchanges in Japan. Monex has participated in all Chinese company's IPO deals in FYE March 2008, and has hosted several IR seminars of Chinese companies targeting Japanese individual investors.
- Monex and WR Hambrecht & Co Japan, Inc. will cooperate to win M&A deals of Chinese companies.

Value of IPO Deals  
(hundred million yen)



## ■ M&A Advisory Business

**WR HAMBRECHT & CO JAPAN** <http://www.wrh.co.jp/>

### ◆ Started M&A advisory business in October 2007

#### Track records

- Advisory of acquisition of Tokyo Forex Co., Ltd. by Monex Beans Holdings, Inc.
- Advisory of United Technology Holdings Co., Ltd. for capital & strategic alliances with The Goodwill Group, Inc. (ongoing)
- Advisory of financing for Japanese manufacturer (ongoing)
- Advisory of strategic alliance between Chinese company and Japanese leading company (ongoing)
- Valuation of IT company for the purpose of capital reorganization of Japanese system integrator
- Other advisory services including capital reorganization, MBO, etc. are being proceeded

### ◆ Efforts for implementation of OpenIPO®

Continuing research for the implementation of OpenIPO®, an IPO process based on an auction process developed by WR Hambrecht + Co in the U.S.

## Related Businesses, etc.

### ■ Life Insurance

#### LIFENET INSURANCE COMPANY

<http://www.lifenet-seimei.co.jp/>  
(New URL to activate on May 18, 2008)

- ◆ **In March 2008, Lifenet Insurance Co., Ltd. issued new shares to third parties, totaling 5.2 billion yen**

#### Shareholders after capital increase

Capital: 6.6 billion yen, Capital Reserve: 6.6 billion yen

|                                     |       |
|-------------------------------------|-------|
| Monex Beans Holdings, Inc.          | 18.5% |
| Asuka DBJ Investment LPS            | 18.5% |
| Mitsui & Co., Ltd.                  | 14.2% |
| Shinsei Bank, Ltd                   | 9.6%  |
| Seven & i Financial Group Co., Ltd. | 9.6%  |
| Other 12 companies                  | 29.6% |

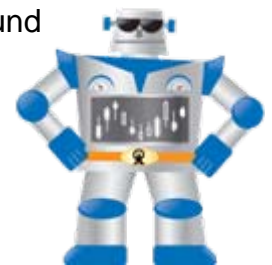
- ◆ **Obtains preliminary Life Insurance License (March 2008)**  
Net Life Planning Co., Ltd. obtained a preliminary life insurance license from the Financial Services Agency (FSA) and changed its name to LIFENET INSURANCE COMPANY
- ◆ **Obtains Life Insurance License (April 2008)**  
LIFENET INSURANCE COMPANY is the first insurance company to obtain a license that has not been established by foreign/domestic insurance companies post WW II
- ◆ **Scheduled to start business on May 18, 2008**

### ■ “Kabu-Robo” Project

**trade-science** <http://www.kaburobo.jp/>

- ◆ **“Kabu-robot” (Automated stock trading program) Project**  
Investment services by “cyber fund managers”

- ◆ **Result of actual stock trading test**  
10 Kabu-Robos who won the Kabu-Robo contest held by Trade Science traded 500 million yen from Feb.20, 2007 to Aug.20, 2007 ⇒ **TOPIX +3.56%**
- ◆ **Simulation of Kabu-Robo contest continues**
  - Participants exceeded 17,800 in total
  - Shortening the process of 10 year algorithm back testing
  - Awards for 2007 were given to 35 Kabu-Robos
- ◆ **Products and services using Kabu-Robos in preparation**
  - Private placement of the “Kabu-robot” fund is assumed in 1Q of FYE Mar. 2009
  - Trading signal delivery service
  - SMA/WRAP account and mutual funds



## Related Businesses, etc.

### ■ Alliance with eBANK

#### ◆Activities to date (September 2007 through March 2008)

- Started financial instruments intermediary business
- Started “eBANK easy deposit service”
- Jointly held “Autumn Investment Seminar” in Tokyo and Osaka
- Started offering of mutual funds and JGBs for eBANK account holders
- Started “eBANK easy deposit service” on mobile phone
- Extended joint account opening campaign until February 2008



#### ◆Forthcoming development from this alliance

##### Enhancing settlement function

- Planning an instant cash withdrawal service
- Planning a service that enables account holders to buy foreign bonds using the balance of their foreign currency deposit and vice versa

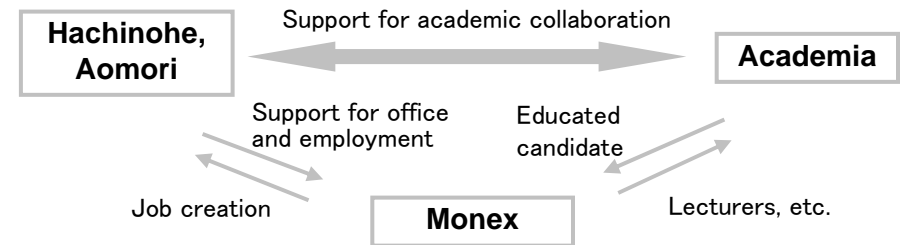
#### ◆Capital Increase

eBank made a 10 billion yen Tier 2 capital increase in March 2008

### ■ Contact Center (Monex, Inc.)

#### ◆Developing a high quality and next generation contact center featuring advice engine

- Foster human resources upon industry-academia-government collaboration
- Aim to establish a sustainable HR system through education collaboration



#### ◆Industry-Academia-Government Collaboration

- Monex “Business course I” started at Hachinohe University in April 2008
- Office and employment will be supported by Hachinohe City and Aomori Prefecture

#### ◆Current status and schedule

- Recruiting in Hachinohe is as planned
- Autumn 2008: Start transferring the contact center function from Tokyo
- In approx. 2 years: Complete the overall shift of the contact center to Hachinohe City

## Overseas Business: Substantial progress to access overseas markets

### ■ Opened Beijing Representative Office in China

#### ◆ Monex Beans Holdings, Inc. Beijing

- Established on March 5, 2008
- Opened on April 8, 2008
- Located in the Xicheng district, Beijing (financial district, where a number of international financial and governmental institutions are located)



#### ◆ Mission of Beijing Representative Office

- Collecting information on financial markets and trends in financial sectors in China
- Research on features and characteristics of retail investors in China
- Research on financial products and services in China that can be applicable to customers at Monex

### ■ Businesses of MBH America (U.S. subsidiary)

#### ◆ Research into the most advanced financial products and the global financial industry

- With a view to improving risk adjusted returns for the customers at Monex, MBH America (“MBHA”) gathers information on ever-evolving financial products in the U.S. and the world. It also conducts research into advanced practices to continuously improve services for Monex customers.
- MBHA gathers managerial information to support the development of a long-term sustainable growth model of our group.
- MBHA also follows short- and mid-term movements in the financial markets and industry.

#### ◆ Feasibility study to introduce advanced trading platform, etc.

#### ◆ Quality Control of financial products provided by Monex

- MBHA will conduct internal qualitative and quantitative analyses on the financial products provided to customers by Monex in order to improve their quality.

#### ◆ Role as an acquisition center of talented human resources

- MBHA will increase activities for hiring and retaining talented people, the core resources for the management of financial institutions.

## ■ Continuous seminars and e-learning services

### ◆ Educational Seminars ( from April 2007 to March 2008 )

|                   | # of seminars | # of participants |
|-------------------|---------------|-------------------|
| Off-line seminars | 106           | 10,298            |
| Online seminars   | 381           | 60,557            |

### ◆ e-learning services ( as of the end of March 2008 )

- 18,841 people subscribed the basic e-learning courses
- 76% answered they were satisfied with the course
- New advanced course added

### ◆ Providing useful information

- Providing value-added and real time online seminars for subscribers
- 21,205 customers subscribed Monex University Mail Magazine (as of the end of March 2008)

## ■ For Further Growth

### ◆ Initiatives to increase individual investors

- Planning to publish books continuously
- Starting financial lectures at Hachinohe University also open for citizens of Hachinohe

### ◆ Improving quality of contents

- Planning to provide new movie and/or audio contents

### ◆ Planning seminars in major cities

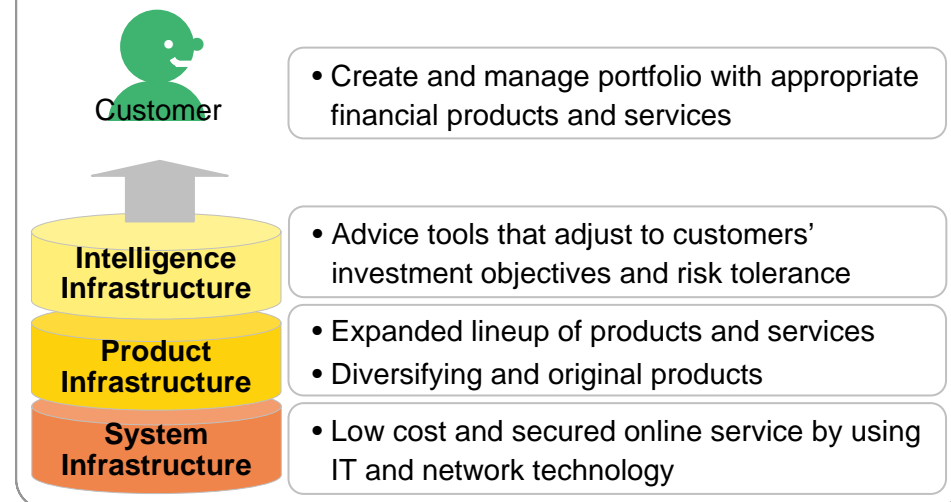
## ■ R&D on Investment Management Theory

### ◆ Establishment of the “Intelligence Infrastructure” by research on investment theories

- In an aspect to become an integrated online financial institution, we consider it indispensable to provide investment advice by an “Intelligence Infrastructure” in addition to our system infrastructure and wide product line-up.

### ◆ Advice tools that adjust to customers' investment

- The “Investment Advice” tool will enable customers to select and combine the most appropriate products and services from a wide lineup depending on the investment objective or risk tolerance of respective investors.

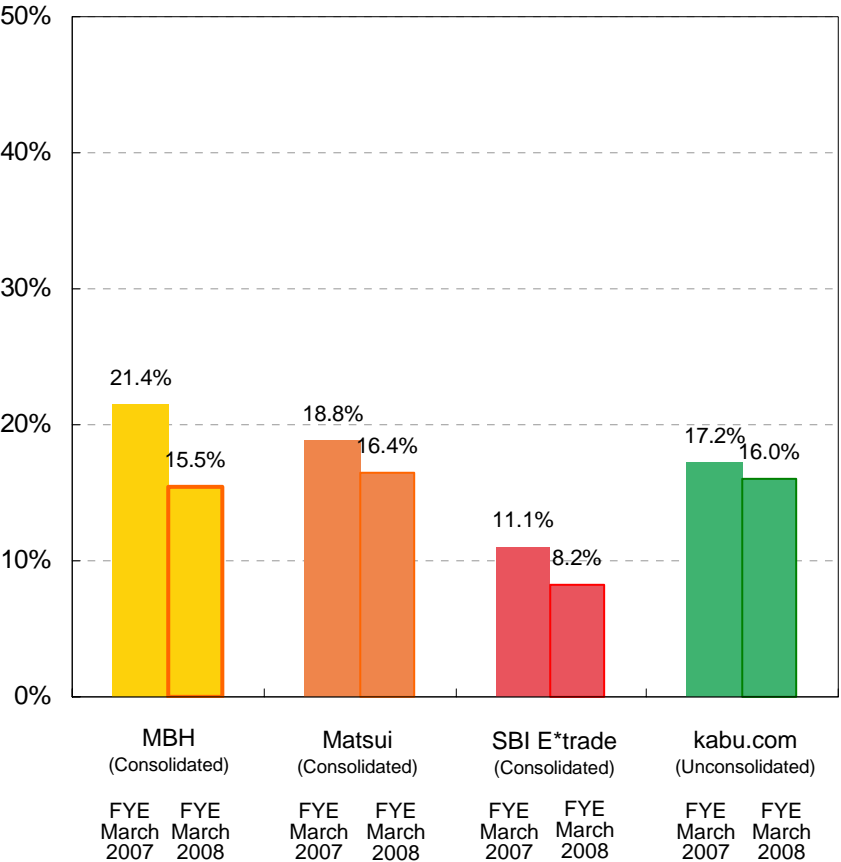


1. Financial Results
2. Business Strategy  
and Future Development
- 3. To our Shareholders**
4. Appendix

# ROE and Dividend

## ■ Pursuing Investment Return to Our Shareholders

### ◆ ROE



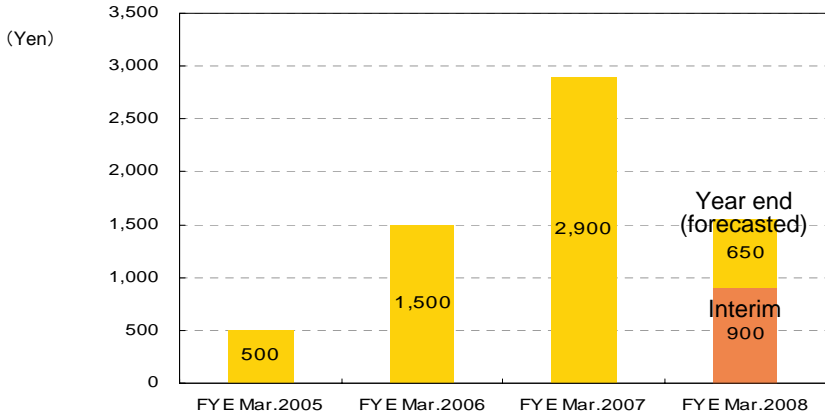
\*Data from company IR data

### ◆ Dividend Payout Policy

- Calculation formula (from FYE March, 2008)  
Approx. 50% of Consolidated net income of MBH's current fiscal year
- Interim dividends to be paid out

### ◆ Dividend Record

- JPY900 paid out as interim dividend and JPY650 forecasted as year end dividend\*.



\*The payment of the year end dividend will be the balance of the amount calculated based on 50% of the annual net income of MBH and the paid out interim dividend

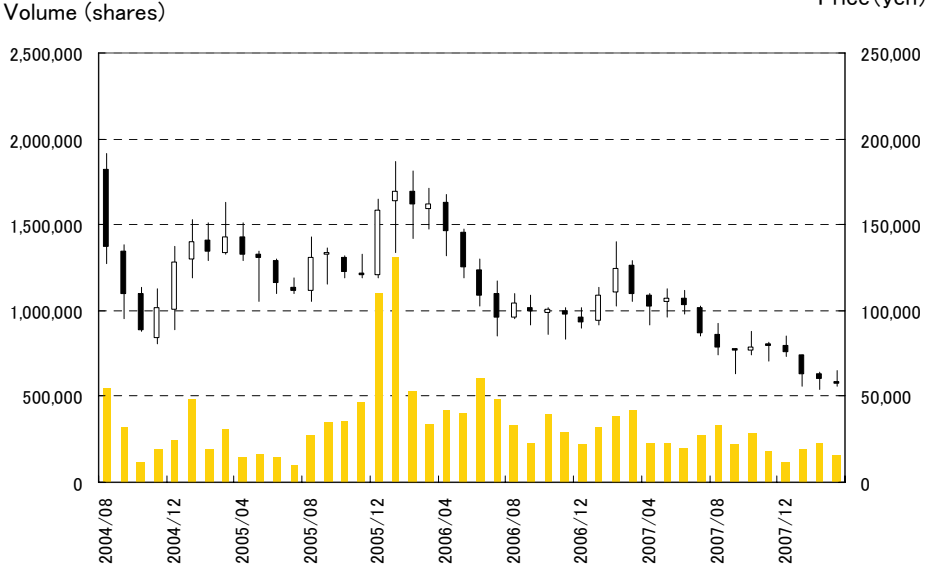
### ◆ Acquisition of Own Shares

- Period of acquisition: Feb. 6 – 26, 2008
- Total number of shares acquired: 35,000 shares  
(1.49% of issued shares)
- Total cost of acquisition: 2,009 million yen  
(28% of Consolidated Net Income FYE2008)

# Investors' Guide

## Stock Information

### Share price and volume



### Indicators per share

|                            | FYE<br>March<br>2005 | FYE<br>March<br>2006 | FYE<br>March<br>2007 | FYE<br>March<br>2008   |
|----------------------------|----------------------|----------------------|----------------------|------------------------|
| Book-value Per Share (BPS) | JPY 12,694           | JPY 17,606           | JPY 20,253           | JPY 19,664             |
| Earnings Per Share (EPS)   | JPY 3,001            | JPY 5,677            | JPY 4,066            | JPY 3,080              |
| Return On Equity (ROE)     | 27.1%                | 38.1%                | 21.4%                | 15.5%                  |
| Dividend per share         | JPY 500              | JPY 1,500            | JPY 2,900            | JPY 1,550 (forecasted) |

### Major shareholders and share distribution

(Recorded as of the end of March 2008)

#### Major shareholders

|                            |        |
|----------------------------|--------|
| Financial Institutions     | 4.89%  |
| Securities Companies       | 3.70%  |
| Other Institutions         | 36.05% |
| Foreign Institutions, etc. | 20.63% |
| Individual Investors, etc. | 33.25% |
| Treasury Stock             | 1.49%  |

#### Top 3 shareholders

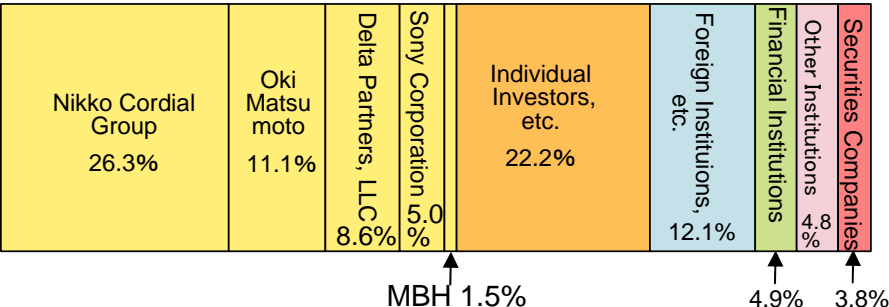
|                     |        |
|---------------------|--------|
| Nikko Cordial Group | 26.29% |
| Oki Matsumoto       | 11.10% |
| Sony Corporation    | 5.00%  |

• Except custodians, etc.

\*The Large Shareholdings Report to the Ministry of Finance submitted until above indicates shareholding as below

• January 15, 2007: Delta Partners LLC and others .....8.55%

### Share Distribution based on MBH's Recognition



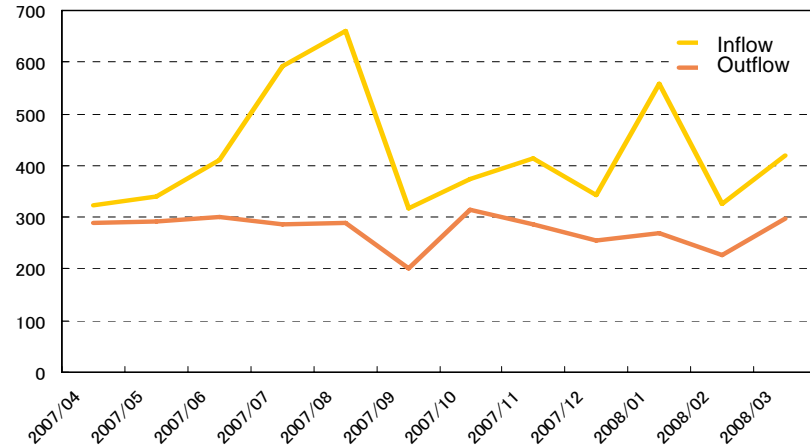
• Please note that the above chart has been made based on reports made to the finance ministry that MBH acknowledges. Since there is a time lag between these reports, the chart above is an estimate.



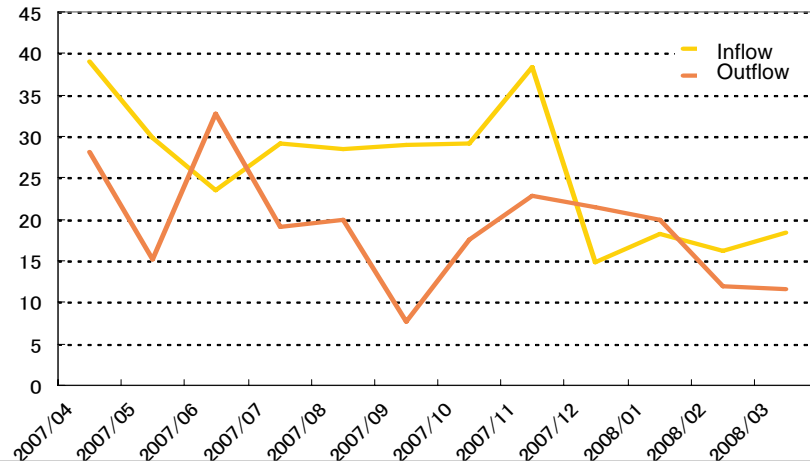
1. Financial Results
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- 4. Appendix**

# Additional Data

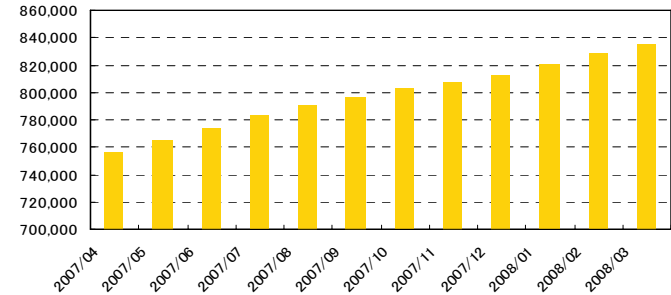
## ◆ Cash Inflow/Outflow (100 million yen)



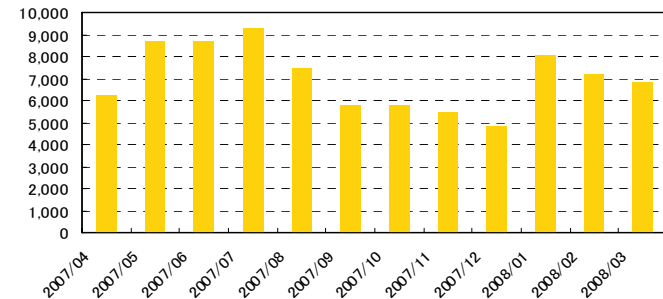
## ◆ Stock Inflow/Outflow (100 million yen)



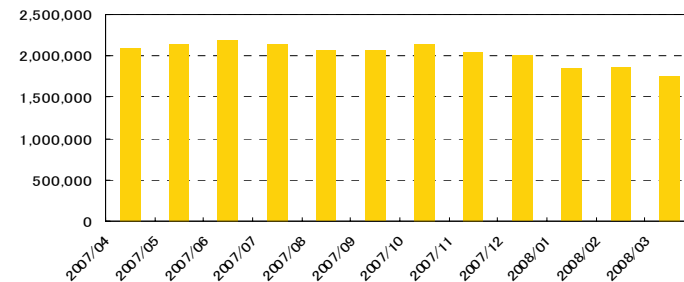
## ◆ Total Number of Accounts



## ◆ Number of Newly Opened Accounts (per month)

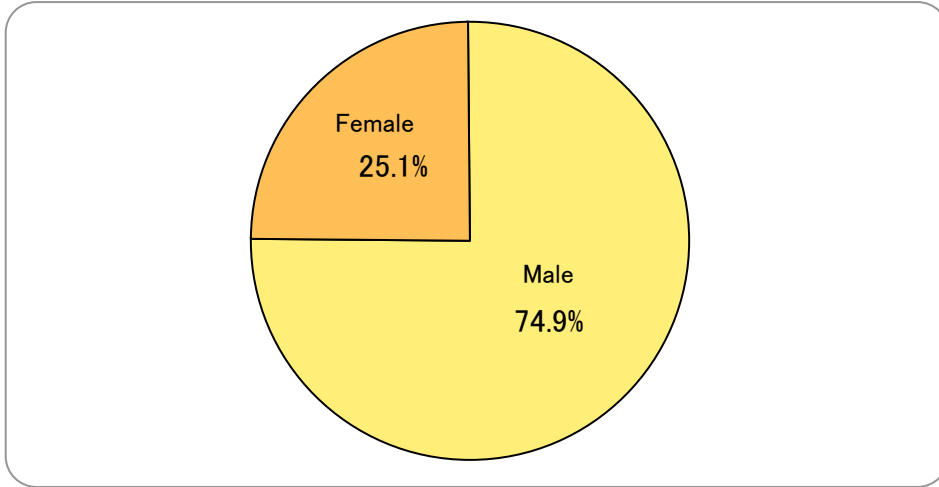


## ◆ Assets in Custody (million yen)

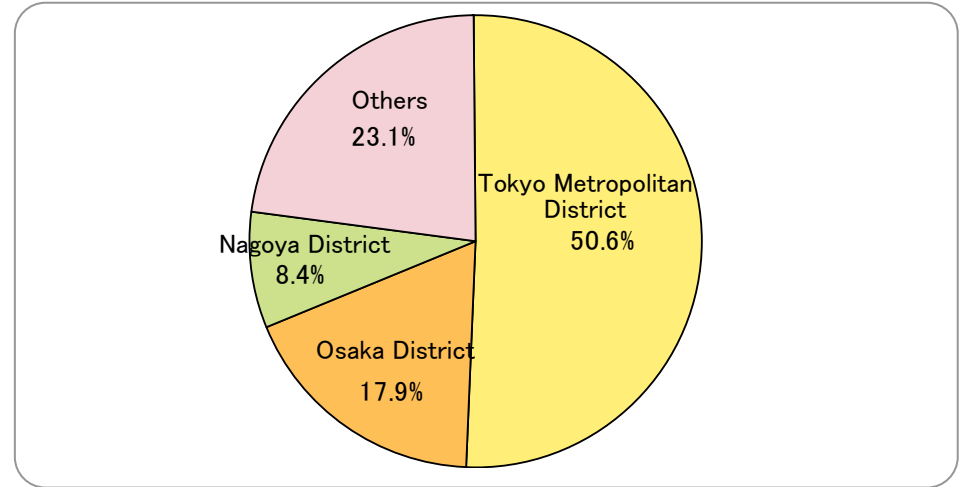


# Customer Portfolio (as of March 31, 2008)

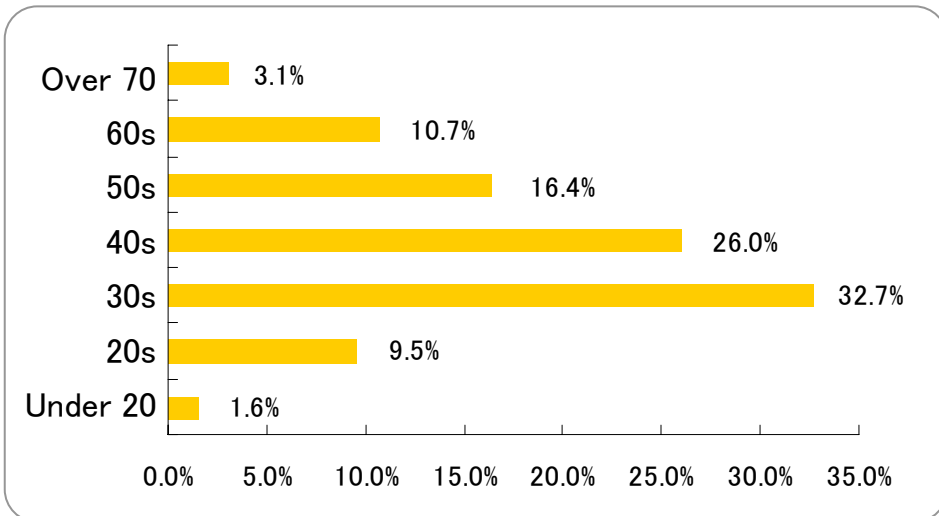
## Sex



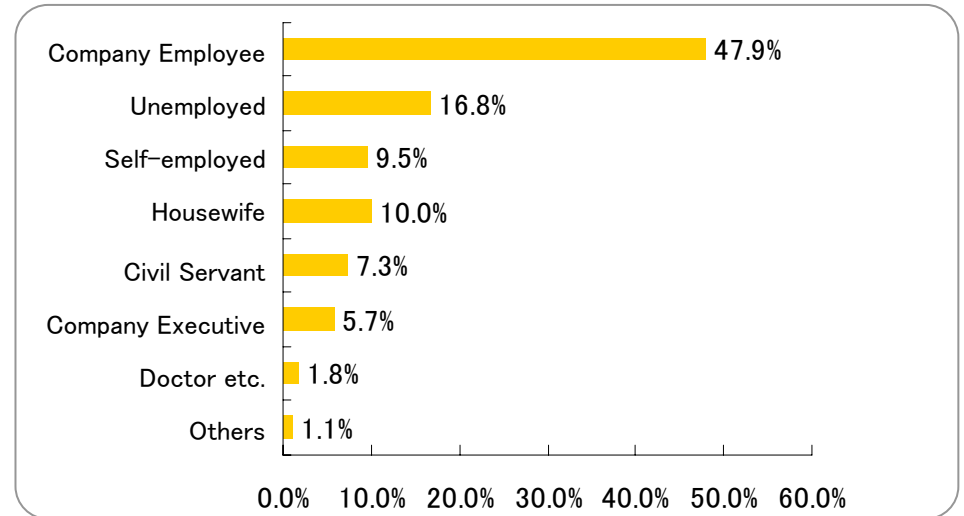
## District



## Age



## Occupation



## Major Initiatives of FYE March 2008

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|             |             |  |
|-------------|-------------|--|
| <b>2007</b> | <b>Apr.</b> | Capital and business alliances with eBANK (MBH and Monex)  |
|             | <b>May</b>  | MBH accepts the 1 <sup>st</sup> allocation of new shares by Net Life Planning  |
|             | <b>Jun.</b> | Issue and offer of yen denominated short term notes (MBH and Monex)  |
|             | <b>Aug.</b> | Monex co-manages China Boqi Environment to list in the 1 <sup>st</sup> section of TSE<br>Established MBH America   |
|             | <b>Sep.</b> | Monex Alternative Investments obtains a Discretionary Investment Management Business License   |
|             | <b>Oct.</b> | MBH accepts allocation of new shares by WRHambrecht Japan (WRHJ) and makes it its subsidiary<br>WRHJ starts M&A advisory services  |
|             | <b>Dec.</b> | MBH accepts 2 <sup>nd</sup> allocation of new shares by Net Life Planning  |
| <b>2008</b> | <b>Jan.</b> | Monex signs agreement to establish another contact center in Hachinohe City, Aomori Pref.<br>MBH decides to change its company name to “Monex Group”<br>Monex University starts research on investment management theories (to develop an investment advice service) |
|             | <b>Feb.</b> | MBH acquires 1.49% of own shares from the market   |
|             | <b>Mar.</b> | MBH establishes Beijing representative office  |
| (Ref.)      | <b>Apr.</b> | MBH acquires 90% shares of Tokyo Forex<br>LIFENET INSURANCE (former Net Life Planning) obtains insurance license<br>MBH, Monex, and Monex University donate a course in Hachinohe University   |

Monex Beans Holdings, Inc.

will change its name to

**Monex Group, Inc.**

as of July 1, 2008

(In Accordance with the resolution at the Annual Shareholder's Meeting to be held in June 2008)

## Risks and Fees Related to Monex's Products Described Herein

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Details of Monex, Inc. (our subsidiary)

|                                   |  |
|-----------------------------------|--|
| Company name (trade name):        | Monex, Inc.<br>Financial instrument firm   |
| Registration number:              | Director of Kanto Local Finance Bureau ( <i>Kinsho</i> ) No. 165                                 |
| Industry organization membership: | Japan Securities Dealers Association (JSDA)<br>The Financial Futures Association of Japan (FFAJ) |

\*"The Company" refers to "Monex, Inc." in "Risks and Fees Related to Monex's Products Described Herein" section

### Important Matters Concerning Stock Trading and Margin Trading

#### • Risks

A loss of the invested principal may result in stock trading due to fluctuation in stock price or base value associated with fluctuation in price or interest rate, fluctuation in exchange rate, or any changes in business or financial condition of the issuer of stocks or incorporated securities. In addition, a loss exceeding the amount of deposit (initial principal) may be incurred in margin trading.

#### • Fees and Expenses (all figures are including taxes)

Upon conducting any stock trading (including ETFs and REITs), if the investor chooses to pay fees per trading, the maximum fees will be 0.42% of the total trade amount (including taxes; minimum fee is JPY 4,200) <when using the call centers for trading>, and if the investor chooses to pay a fixed amount of fees, the fees payable will be JPY 2,625 (including taxes) regardless of the number of trading conducted per day. In addition, transaction fee of JPY 2,625 (including taxes) will be payable for every JPY 3 million of the trade amount. In case of margin trading, if the investor chooses to pay fees per trading, the maximum fees will be 0.1575% of the trade amount (for trade amount up to JPY 1 million, the fees will be JPY 1,575 or JPY 1,050), and if the investor chooses to pay a fixed amount of fees, the fees payable will be JPY 2,625 (including taxes) regardless of the number of trading conducted per day, and in addition, JPY 2,625 (including taxes) for every JPY 3 million of the trade amount.

Also, the transaction fees for stock mini-investment and night-time trading (Monex Nighter) will be JPY 500 for each trade.

With respect to trading in any IPO stocks, stocks subject to public offering or secondary public offering (uridashi) or off-floor trading, no purchase fee will be charged.

#### • Others

Please refer to the Offering Memorandum when subscribing for or purchasing any IPO shares, or shares under offering or secondary public offering.

## Risks and Fees Related to Monex’s Products Described Herein

### Important Matters concerning Chinese Shares

**• Risks**

Price fluctuation risk: A loss of the initial investment (loss of invested principal) may be incurred due to fluctuation in stock price caused by demand and other various factors (generally speaking, low liquidity stocks and stocks sold under IPOs are exposed to larger stock price fluctuation risks).

Foreign exchange risk: Due to fluctuation in foreign exchange rates, even if the foreign currency denominated value of the profit to be received exceeds the invested principal, the value thereof converted to yen may fall below the invested principal and result in a loss (loss of invested principal).

**• Fees and Expenses (all including taxes)**

|   |   |
|---|---|
| Domestic transaction fees:                      | 0.2999% of the trade amount (minimum fee: 73.5 HKD)   |
| Other various expenses:                         | taxes, stock exchange commission, CCASS settlement expense  |
| Expenses associated with acquisition of rights: | Fees for dividend collection, on-the-spot handling expense, share split, etc. related acquisition fee, expenses for acquisition of right for payment of paid-in capital increase, and expenses of other right acquisition-related expenses. |
| Expenses related to company privatizations:     | Fees related to compulsory acquisition  |

### Important Matters concerning Stock Lending Services

**• Risks**

Credit risk: Since the investors execute unsecured loan agreement for the stock lending services, the investors will be exposed to credit risk of the Company and the Company’s borrowers.

**• Fees**

No fees will be charged for the stock lending services.

**• Others**

An investor who is using these stock lending services will not be entitled to receive any dividend even if such investor is a holder of shares as of the vesting day. Instead, the Company will pay the amount equivalent to the dividend, net of withdrawing tax. For tax purposes, the amount equivalent to dividend will be categorized as other income and will not be considered a dividend income. Therefore, it would not be subject to deduction for dividends.

No investors using these stock lending services will be entitled to benefit from shareholder special benefit plan or obtain any voting rights to be exercised at shareholders’ meetings. The stocks under loan are not segregated custody assets as provided for in the Financial Instruments and Exchange Law. If Monex becomes bankrupt, the relevant stocks will not be able to gain protection from the investor protection fund.

will be charged for depositing the yen-denominated bonds subject to foreign currency redemption terms in our account.

## Risks and Fees Related to Monex’s Products Described Herein

### Important Matters concerning Investment Trust

#### • Risks

The base value of the investment trust may rise or fall since the investment trust substantially invests in securities with fluctuating prices. Therefore, the invested principal and interest are not guaranteed. The investment trust is subject to a number of risks depending on the type of product, and the following only describes the general risks. For more details, please refer to the Offering Memorandum upon conducting any buying transactions.

Price fluctuation risk: A loss of invested principal may be incurred due to a fall of base price caused by price fluctuation of the incorporated shares, bonds and instruments (if the incorporated products of the fund is denominated in a foreign currency, then it will also be subject to exchange rate fluctuation risk).

Foreign exchange risk: The amount paid to investors of foreign currency denominated investment trusts (foreign currency denominated MMF, etc.) is subject to change by fluctuation in foreign exchange rate. The amount converted to yen may fall below the invested principal and result in a loss (loss of invested principal), even if the foreign currency denominated amount exceeds the invested principal.

#### • Fees and Expenses

The investors will be charged for the following fees, etc. for conducting investment fund transactions.

|  |  |
|--|--|
| • Subscription fee   | Maximum of 3.675% of the subscription amount (including taxes)                                   |
| • Trust asset reserves (direct expense payable at realization)   | Maximum of 2.0% of the base price as of the trade date or the immediately following business day |
| • Trust fee (indirect expense accrued during the holding period) | Maximum of 2.10% of the aggregate net asset value (including taxes)                              |

\* There are cases where the investors will indirectly pay any performance fees or other fees/expenses in accordance with the performance results.

### Important Matters concerning [Premium Hybrid 2006] and [Premium Hybrid 2007]

Please note that the offering of these Funds has ended.

#### • Risks

Price fluctuation risk: The Fund invests in domestic and foreign shares, bonds, exchanges, futures, derivatives and other instruments via investments in Private Equity Funds and Hedge Funds. Therefore, the aggregate net asset value may decrease due to unexpected changes in economic environment, fluctuation in market price, bankruptcy or deterioration of financial conditions of the issuer or other related companies of incorporated shares or bonds, and as a result, the investor may lose all or a part of the investment in the Fund. The major investment risks of the Fund include price fluctuation risk, realization risk, liquidity risk and foreign exchange fluctuation risk. \* For more details, please refer to “(Investment) Risk of the Fund” described in the investment trust explanatory statement (offering memorandum).



# Risks and Fees Related to Monex's Products Described Herein

## Important Matters Concerning "Asia Focus"

### • Risks

- The base value of the Fund is subject to fluctuation since the Fund will mainly invest in securities exposed to price movement such as corporate and government bonds. Therefore, the invested principal or a certain favorable investment results are not guaranteed, and the investors may suffer losses due to decline in the base value.
- Upon subscription and request for termination of the Fund, a period of one (1) month or more is required following the investor's order until the base value (trade price) is determined. Therefore, the base value as of the time of order and the actual base value applicable to the subscription and termination request of the investor may vary significantly. Moreover, please note that the termination consideration will be paid after one (1) month or more from the time when the investor placed an order to terminate.
- Euroyen bonds which the Fund invests in are subject to price fluctuation, which is linked to the price of the interlocking funds, and furthermore, the relevant interlocking funds are subject to price fluctuation due to fluctuation in the price of each hedge fund incorporated into the interlocking funds. While the day-to-day base value of the Fund is calculated based on the day-to-day indicative price of Euroyen bonds, there are cases where it takes several days to calculate the base value of any individual hedge fund which the interlocking funds of Euroyen bonds invest in or the relevant base value of the individual hedge fund is not calculated on each business day. Accordingly, the base value of the Fund may not immediately reflect price fluctuation in the market. Generally speaking, it takes approximately twenty (20) days for the month-end base value (NAV) of an individual hedge fund to be fixed, and the timing differs for each hedge fund.
- The value of the purchase or termination of the Fund as of a specified date will be the value which is calculated after reflecting the base value of the interlocking funds (that was calculated based on the base value of the individual hedge fund as of the preceding month-end) on Euroyen bonds.
- The factors which cause the base value of the Fund to fluctuate include, but are not limited to, price fluctuation risk, risk concerning non-linkage of value with the price fluctuation in interlocking funds and credit risk.
- For more details, please refer to "Investment Risks" in the guide to investment trust (offering memorandum).

### • Fees and Expenses

Investors will be charged the following fees, etc. for conducting investment fund transactions.

|                       |  |
|-----------------------|--|
| Subscription fee:     | 2.1%-0.525% of the subscription amount (including taxes)                           |
| Trust asset reserves: | 0.5% of the base value as of the business day immediately following the trade date |
| Trust fee:            | 1.1025% per annum of the aggregate net asset value (including taxes)               |

In addition to the above fees, the following expenses will be charged. These expenses will indirectly be borne by the investors during the holding period, and will be payable from the trust assets in principle. We are unable to present in advance the amount (and maximum amount, etc.) concerning the expenses without any description of their maximum amount herein, since different criterial terms and conditions apply on a case-by-case basis:

- Expenses concerning securities transactions - Taxes on trust assets - Interest on borrowings and interest on advance money
- Expenses required for trust administrative duties (audit costs, etc.) - Expenses related to trust deeds, offering memorandums, management reports and other similar documents
- Fullerton Fund Management Co., Ltd. will receive as investment advisory fees the amount equivalent to 0.05% per annum of the daily aggregate net asset value, which is payable from the manager's fees;
- Other substantial expenses such as sales charges of the incorporated securities of the Fund are as follows. These expenses will be reflected on the price of Euroyen bonds which the Fund invests in:
- Euroyen bonds (issue cost: 0.5% or less of the issue price per annum), interlocking funds (base fee: 0.75% per annum of the aggregate net asset value/performance fee: 15% of any excessive profit in case where the base value of the interlocking funds exceeds the High Water Mark/operation and maintenance fees and other fees), incorporated hedge funds (base fee: generally, 1%-2% per annum of the aggregate net asset value/performance fee: generally, 10%-20% of any excessive profit in case where the basic value of the individual hedge fund exceeds the High Water Mark/operation and maintenance fees and other fees).

\* For more details, please refer to "Charges and Expenses" in the guide to investment trust (offering memorandum).

## Risks and Fees Related to Monex's Products Described Herein

### Important Matters concerning "China Focus"

#### • Risks

- The base value of the Fund is subject to fluctuation since the Fund will mainly invest in securities exposed to price movement, such as equities (the Fund will be exposed to foreign exchange risks in a case where it invests in foreign currency-denominated assets), and will actively engage in futures trading and other similar trading. Therefore, the invested principal or a certain favorable investment results are not guaranteed, and the investors may suffer losses due to decline in the base value.
- Factors which cause the base value of the Fund to fluctuate include, but are not limited to, price fluctuation risk, foreign exchange risk, inherent risk on investment in Chinese securities market, liquidity risk, interest rate risk, credit risk and country risk.
- For more details, please refer to "Investment Risks" in the guide to investment trust (offering memorandum).

#### • Fees and Expenses

The investors will be charged for the following fees, etc. for conducting investment fund transactions.

|                       |  |
|-----------------------|--|
| Subscription fee:     | 2.1%-0.525% of the subscription amount (including taxes)                           |
| Trust asset reserves: | 0.3% of the base value as of the business day immediately following the trade date |
| Trust fee:            | 1.890% per annum of the aggregate net asset value (including taxes)                |

In addition to the above fees, the following expenses will be charged. These expenses will indirectly be borne by the investors during the holding period, and will be payable from the trust assets in principle. We are unable to present in advance the amount (and maximum amount, etc.) concerning the expenses without any description of their maximum amount herein, since different criterial terms and conditions apply on a case-by-case basis:

- Expenses concerning securities transactions
- Taxes on trust assets
- Interest on borrowings and interest on advance money
- Expenses required for trust administrative duties (audit costs, etc.)
- Expenses related to trust deed, offering memorandum, management report and other similar documents
- Performance fee (to be paid in a case where the profit exceeds a predetermined High Water Mark, which will be the amount calculated by multiplying 0.15% of the relevant excessive profit with the total number of units as of the calculation record date);
- Fullerton Fund Management Co., Ltd. will receive the performance fee and also an amount equivalent to 0.6% per annum of the daily aggregate net asset value as the service fees under the service agreement, which are payable from the manager's fees;
- Monex Alternative Investments, Inc. will receive the investment advisory fees from the manager's fees.

\* For more details, please refer to "Charges and Expenses" in the guide to investment trust (offering memorandum).

## Risks and Fees Related to Monex's Products Described Herein

### Important Matters concerning "Middle East and North Africa ("MENA") Asia Equity Fund"

#### • Risks

- The Fund mainly invests in investment trust securities. The investors may suffer losses from the decline in base value caused by downfall of the price of the incorporated investment trust securities ("Invested Fund"). In addition, since the Fund invests in foreign-currency denominated assets, the investors may be subject to losses due to fluctuation in foreign exchange rates.  
Therefore, the original investment is not guaranteed, and may result in a loss (loss of original investment) due to the decline in base value.
- The major factors which cause the base value of the Fund to fluctuate are price fluctuation risk of the Fund, exchange rate fluctuation risk and country risk.
- For more details, see "Investment Risk" described in the guide to investment trust (offering memorandum for delivery).

#### • Fees and Expenses

The investors will be charged for the following fees, etc. for conducting investment fund transactions.

|                       |  |
|-----------------------|--|
| Subscription fee:     | 2.1%-0.525% of the subscription amount (including taxes)                             |
| Trust asset reserves: | 0.3% of the base value as of the business day immediately following the trade date   |
| Trust fee:            | approximately 1.9975% % per annum of the aggregate net asset value (including taxes) |

\* If "MENA Asia Fund" is incorporated into the Fund by an amount equivalent to the aggregate net asset value, the trust fee to be substantially borne by the beneficiaries will be approximately 1.9975% per annum of aggregate net asset value of the trust assets (including taxes) (this percentage is subject to change in accordance with the actual incorporated ratio of the Invested Fund).

In addition to the above fees, the following expenses will be charged. These expenses will be indirectly borne by the investors during the holding period, and will be payable from the trust assets in principle. We are unable to predict in advance the precise amount (and maximum amount, etc.) concerning the expenses without any description of their maximum amount herein, since different criteria and conditions apply on a case-by-case basis:

- Expenses concerning securities transactions;
- Taxes on trust assets;
- Interest on borrowings and interest on advance money;
- Expenses required for trust administrative duties;
- Expenses required for survey of price, etc. of specified assets;
- Expenses required for custody, etc. of foreign assets;
- With respect to the Invested Fund, in addition to the same fees as mentioned above, trustee fees, operation fees for management/custody and institution expenses will also be charged thereon.

\* For more details, please refer to "Charges and Expenses" in the guide to investment trust (offering memorandum for delivery).

## Risks and Fees Related to Monex's Products Described Herein

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### Important Matters concerning "Sparx New Internationally High-Grade Japanese Equity Fund"

#### • Risks

- The Fund mainly invests in Japanese stocks. The investors may suffer losses from the decline in base value caused by downfall of the price of the incorporated stocks, or by bankruptcy or deterioration of financial condition of the issuer of the incorporated stocks. Therefore, the original investment is not guaranteed, and may result in a loss (loss of original investment) due to the decline in base value.
- The major factors which cause the base value of the Fund to fluctuate are price fluctuation risk of the incorporated stocks or concentrated investment risk.
- For more details, see "Investment Risk" described in the guide to investment trust (offering memorandum for delivery).

#### • Fees and Expenses

The investors will be charged for the following fees, etc. for conducting investment fund transactions.

|                       |  |
|-----------------------|--|
| Subscription fee:     | 1.05% of the subscription amount (including taxes)                   |
| Trust asset reserves: | 0.3% of the base value as of the trade date                          |
| Trust fee:            | 1.722% %per annum of the aggregate net asset value (including taxes) |

In addition to the above fees, the following expenses will be charged. These expenses will be indirectly borne by the investors during the holding period, and will be payable from the trust assets in principle. We are unable to predict in advance the precise amount (and maximum amount, etc.) concerning the expenses without any description of their maximum amount herein, since different criteria and conditions apply on a case-by-case basis:

- Expenses concerning securities transactions;
- Taxes on trust assets;
- Interest on borrowings and interest on advanced money;
- Expenses required for trust administrative duties; and
- In addition to the above, various fees such as audit fees of the Fund, and expenses for preparation of offering memorandum or management reports, etc. will be payable from the trust assets.

The maximum amount of the above-mentioned expenses per day will not exceed 0.105% per annum (including taxes) of the aggregate net asset value of the trust assets.

\* For more details, please refer to "Charges and Expenses" in the guide to investment trust (offering memorandum for delivery).

# Risks and Fees Related to Monex's Products Described Herein

## Important Matters concerning Bond Trading

### • Risks

- In a case where bonds are sold before maturity, a loss of original investment (loss of invested principal) may be incurred from a lower sales price compared to purchase price due to changing bond market conditions at the time of sales, such as fall in the bond price derived from rising interest rates. Additionally, if the purchase price exceeds the par value, a loss on redemption may arise at the time of redemption which may result in a loss of original investment (loss of invested principal).
- A loss of original investment (loss of invested principal) may be incurred due to a change in interest or principal solvency (credibility) of the issuer that is caused by changes in the issuer's business or financial condition and changes in the third-party assessment towards such business or financial condition.
- The amount which the investors receive for trading in foreign bonds which are denominated in foreign currencies is subject to change due to fluctuation in foreign exchange rates. Accordingly, even if the foreign currency denominated value to be received exceeds the invested principal, the value of bonds converted to yen may fall below the original investment and result in a loss (loss of invested principal). Moreover, since the exchange rate of any foreign currencies other than major currencies may drastically fluctuate, even if such non-major foreign currency denominated value to be received exceeds the invested principal, the value of bonds converted to yen may fall significantly below the original investment and result in a loss (loss of invested principal) in the case of any drastic appreciation of the yen.

### • Fees and Expenses

- The investors are only required to pay the purchase price upon conducting bond trading and no trading commissions will be charged.
- The investors are required to pay a specified exchange fees for trading in foreign bonds denominated in foreign currencies (no such exchange fees will be charged if the investors directly purchase the bonds from MMF denominated in the foreign currency).

### • Other Matters

- With respect to Japanese Government Bonds (JGBs) for individual investors, the investors are not eligible to realize 10-year Floating Rate JGBs and 5-year Fixed Rate JGBs before the elapse of a period of one (1) year and two (2) years from purchase, respectively, except for a case of the death of the holder, and other such specified circumstances.
- If any Japanese Government Bonds (JGBs) for individual investors are realized before maturity, the early realization adjustment amount as calculated below will be deducted from the par value of the JGBs sold plus accrued interest:
  - 10-year Floating Rate JGBs for Individual Investors:  
Amount equivalent to the amount of the last two (2) interest payments (before tax) x 0.8
  - 5-year Fixed Rate JGBs for Individual Investors:  
Amount equivalent to four (4) payments of each interest (before tax) x 0.8
- For more details concerning the bonds for which offering memorandums are issued, the investors should refer to the relevant offering memorandum upon subscription or purchase.

## Risks and Fees Related to Monex's Products Described Herein

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### Important Matters concerning [Monex Bonds for Individual Investors]

#### • Risks

Basically, the market price of yen-denominated bonds fluctuates in accordance with the changes in the base interest rate of the market. The price of bonds will fall if interest rates rise while the price of bonds will rise if interest rates fall. Accordingly, if the bonds are realized before the redemption date, the bonds will be sold at the market price which means that a loss exceeding the original investment may be incurred (loss of invested principal). Furthermore, if the liquidity deteriorates significantly due to changes in the market environment, the sales price of the bonds may be adversely affected since the bonds may become unsaleable.

#### • Fees

The investors are only liable to pay the purchase price when purchasing the yen-denominated bonds by subscriptions for offering or secondary public offering or by negotiation transaction with the Company, and no transaction fees will be charged. No account management commission will be charged for depositing the yen-denominated bonds in our account.

### Important Matters concerning [Monex Bonds for Individual Investors (Type: US Dollar Redemption Upon High Yen)]

#### • Risks

Price fluctuation risk: Basically, the market price of yen-denominated bonds subject to foreign currency redemption terms fluctuates in accordance with the changes in the base interest rate of the market or the base exchange rate. The price of bonds will fall if interest rates rise and the price of bonds will rise if interest rates fall. In addition, the price of bonds will fall if the yen becomes stronger (weak foreign currency), and the price of bonds will rise if the yen becomes weaker (strong foreign currency). The yen-denominated bonds subject to foreign currency redemption terms is a type of bond whose redemption amount at maturity will be paid in a foreign currency converted at the initial exchange rate if the value of yen becomes higher and the redemption determination rates exceeds the initial exchange rate. Since the characteristics of derivative trading is included in this bond assuming that the bonds will be held until maturity, the price of bond will fluctuate depending on the volatility of the exchange rates. Accordingly, if the bonds are realized before the redemption date, the bonds will be sold at the market price which may result in a loss of invested principal. The consideration for any sales of bonds before maturity will only be paid in yen. There is no guarantee for the liquidity and marketability of the yen-denominated bonds subject to foreign currency redemption terms, and no definite trading market exists therefor. This means that realization before maturity may be difficult which may adversely affect the sales price of the relevant bonds.

Foreign exchange risk: The full redemption amount payable at the maturity of yen-denominated bonds subject to foreign currency redemption terms will be affected by the exchange rate between yen and foreign currencies, and it may be paid in foreign currency. If the bonds are redeemed in a foreign currency, the yen equivalent of such redemption amount will differ depending on the exchange rate between the yen and foreign currencies effective at the time of redemption. Accordingly, a loss (loss of invested principal) may be incurred due to inability to collect the initial amount of investment which was denominated in yen.

#### • Fees

The investors are only liable to pay the purchase price when conducting transactions in the yen-denominated bonds subject to foreign currency redemption terms, and no transaction fees will be charged. The exchange rate which is determined by the Company after taking into account the foreign exchange market trends will apply for any exchanges made between yen and foreign currencies when the foreign currency-denominated redemption is made for the yen-denominated bonds subject to foreign currency redemption terms. No account management commission will be charged for depositing the yen-denominated bonds subject to foreign currency redemption terms in our account.

## Risks and Fees Related to Monex's Products Described Herein

### Important Matters concerning Futures Trading and Option Trading

#### • Risks

- Since the price of stock index futures/option trading is subject to fluctuation in the subject stock index and other factors, the investor may suffer losses exceeding the amount of margin (original investment).
- Depending on market conditions, the investor may not be able to conduct trading as intended (e.g. if the market price reached the trading limit, the investor may be unable to either resell or repurchase the same). Moreover, depending on market conditions, the securities exchanges may expand the trading limit and in such case, the daily losses incurred may exceed the anticipated amount.
- Stock index options are instruments with time-limits, which means that if the buyer does not resell or exercise its rights by the due date (in case of Nikkei 225 option trading, the date of exercise will only be the day immediately following the final trading date), the options will expire. In such case, the buyer will lose all of its investments.
- The seller of stock index option trading may not refuse the allotment of exercise of option rights. There is no limit on the amount of potential losses resulting from the movement of the market price in the direction opposite to the direction that the investor has originally anticipated.

#### • Fees and Expenses (all including taxes)

- The transaction fees for stock index futures trading will be within the range of JPY 105 to JPY525 for each unit.
- The transaction fees for stock index option trading will be 0.189% of the trade amount (minimum fee: JPY 189).

#### • Fees and Expenses (all including taxes)

- Upon conducting any stock index futures/option trading, the investor is required to provide or deposit a margin as securities in advance as calculated by the following formula:  
"Amount of margin calculated by the Company pursuant to SPAN® x 1.4 - aggregate net option value"
  - If any losses accrue as a result of the calculation (including payouts of calculated profit) due to fluctuation of market price in stock index futures/option trading, the investor is required to provide or deposit an additional margin.
  - The seller of the stock index option trading is required to provide margin upon the conclusion of trading, and is also required to provide an additional margin if any deficits accrue thereafter due to market fluctuation. Additionally, if the seller fails to provide the margin within the designated term, some or all of the short position may be settled while suffering losses, and in such case, the seller will also be liable for any losses due to the relevant settlement.
- \* All margins should be deposited in cash.

#### • Others

- The investor may conduct a large-sum trading with a small amount of margin in stock index futures/option trading, and the trade amount may exceed the amount of margin. The ratio of the trade amount against the relevant margin (i.e. leverage ratio) is inconsistent since the margin is calculated by SPAN(R) in accordance with risks arising from the positions of the futures/option trading as a whole.
- Upon conducting any trading, please read the "Document Delivered Prior to Execution of Contract" for details concerning the structure of trading and risks or fees, etc. associated thereto.

# Risks and Fees Related to Monex’s Products Described Herein

**Important Matters concerning “FX”**

**• Risks**

Price fluctuation risk: If the foreign exchange rate fluctuates in a direction that is reverse to the investor's anticipation due to fluctuation in the price of the traded currency (exchange rate) and other factors, a loss exceeding the amount of deposit (initial principal) may be incurred.

Interest rate fluctuation risk: Since the payment and reception of swap points of buying currencies and selling currencies are made in foreign exchange margin trading, a loss (loss of invested principal) may be incurred due to payment of swap points. Since swap points reflect the market interest rate of the traded currency, the swap points will fluctuate upon fluctuation of market interest rate.

**• Fees**

- Monex FX: For currency trading volume from 1,000 to 9,000: 100 yen per 1,000 currencies  
For currency trading volume from 10,000 to 1,000,000: 50 yen per 1,000 currencies
- Monex FX pro: Trade amount (currency trading volume x trading exchange rate x yen conversion rate) x 0.001

**• Deposit (margin)**

- Monex FX: Margin within the range of JPY 5,000 - 20,000 is required per 1,000 currencies depending on the exchange rate of the traded currency
- Monex FX pro: Trading volume x TTM (middle rate of TTB and TTS) x 0.05